

BDO IN SOUTH AFRICA | YEAR ENDED 30 JUNE 2021

TRANSPARENCY REPORT



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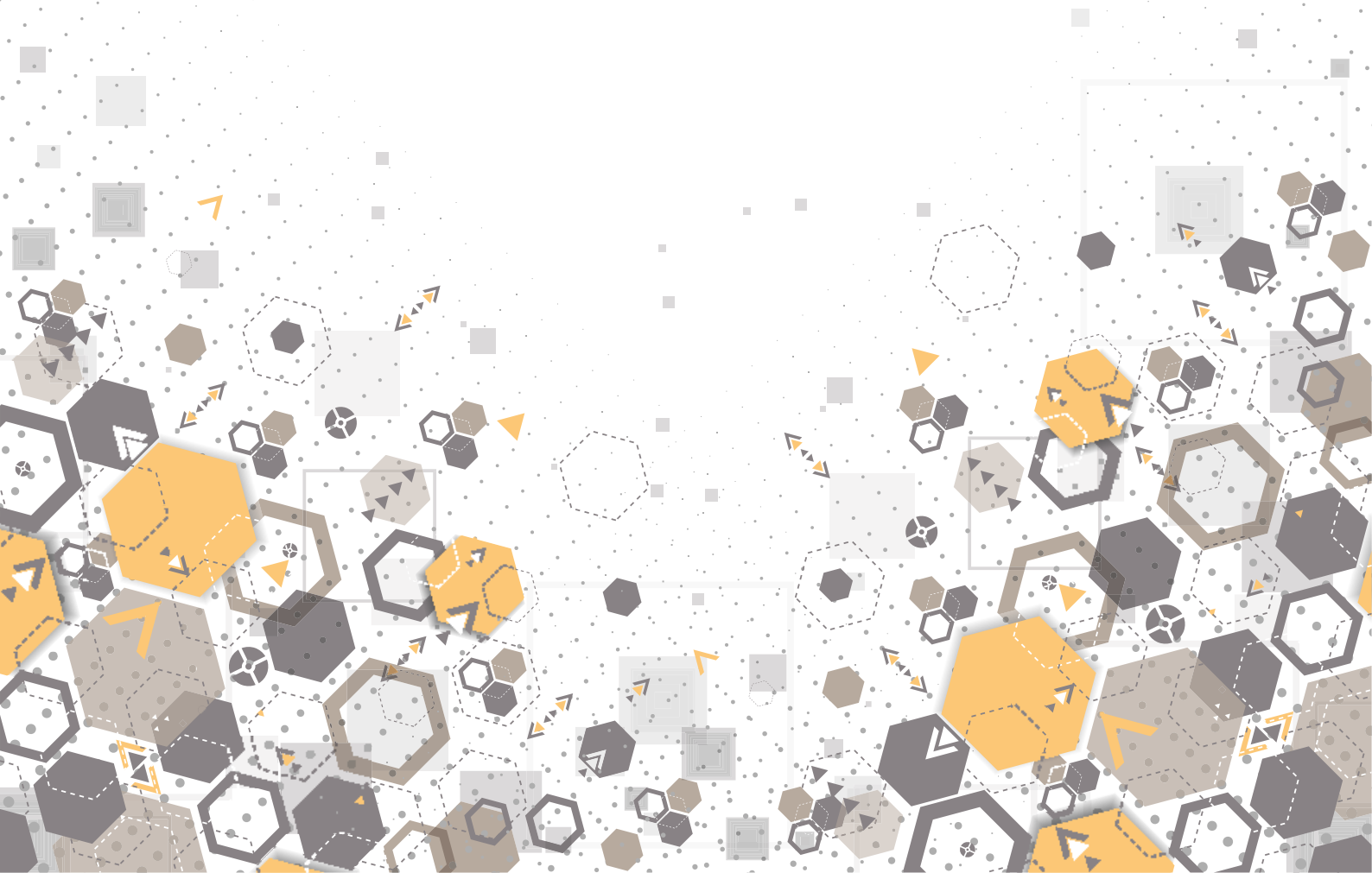
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BDO AT A GLANCE



In South Africa

- 7 Offices across 4 provinces
- 126 partners and directors
- 1 693+ staff
- March 2021 R1.525 Billion
- BEE contributor Level 1

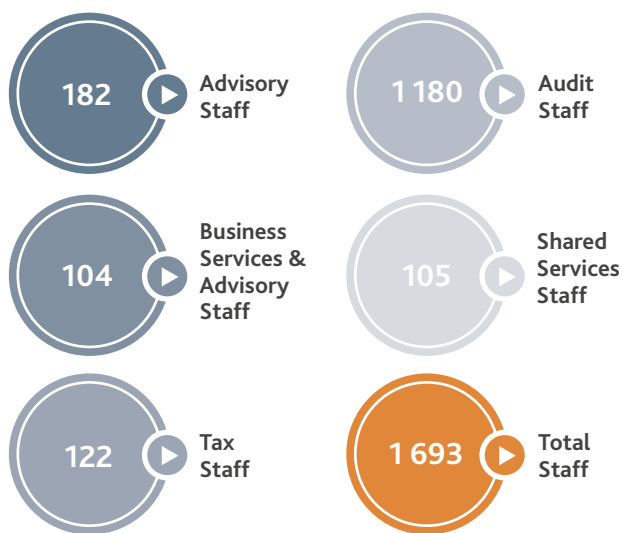
BDO GLOBAL

- 91 000+ staff
- 1 658 offices
- 167 countries and territories
- December 2020 \$10.3 billion

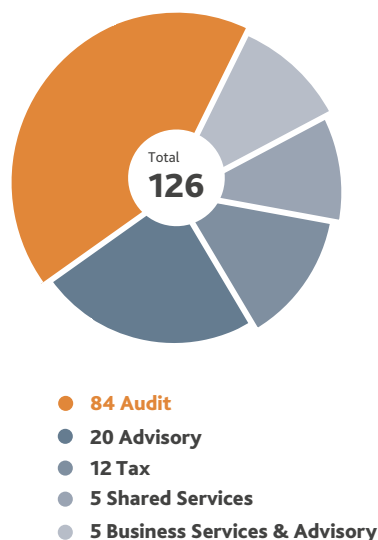
STAFF NUMBERS PER SERVICE LINE

Our staff numbers reflect Audit, Tax, Business Services & Advisory, Verification Services, Business Restructuring, Shared Services, Corporate Finance and Statucor

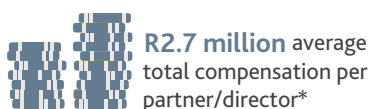
Staff



Partners and Directors



FINANCIAL HIGHLIGHTS



*This excludes directors in BDO Wealth Advisers, BDO Corporate Finance, BDO Verification Services and BDO Business Restructuring.

REVENUE BY SERVICE LINE

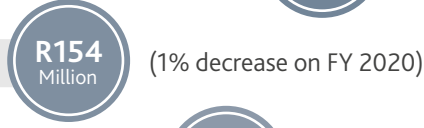
Audit



Advisory



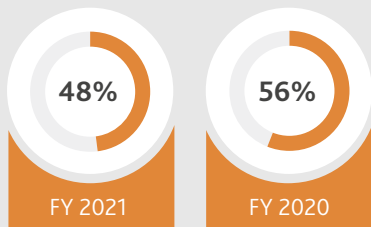
Tax



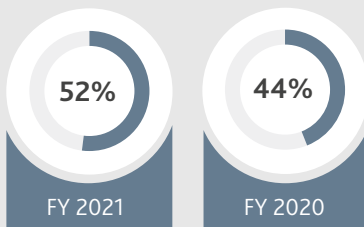
Other



Overall

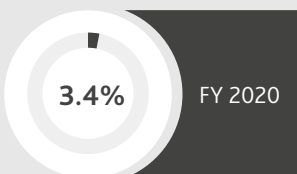
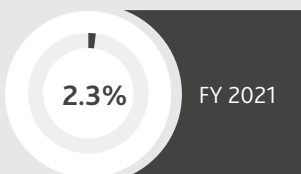


Audit to PIE



Audit to non-PIE

Non-audit related services as a percentage of audit fees to high risk audit clients:

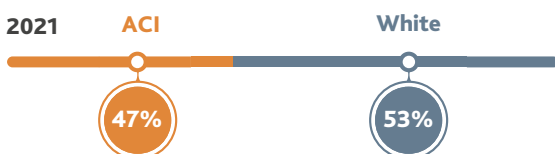


* The numbers used here are non-assurance fees billed to high risk assurance clients and not just listed clients. They are derived directly from the IRBA declarations for calendar year 2020.

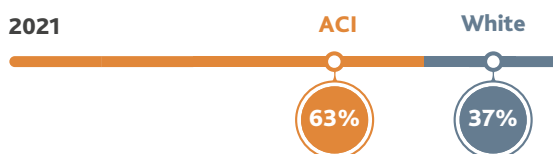
TRANSFORMATION

Level 1 BEE contributor (30 June 2021)

Ownership demographics – white/ACI



Firm-wide demographics - white/ACI



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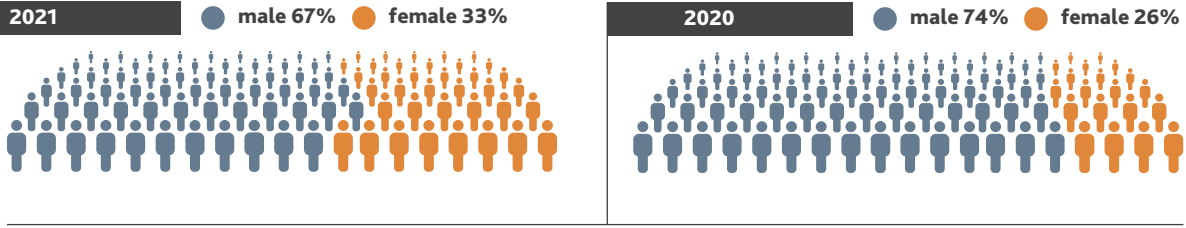
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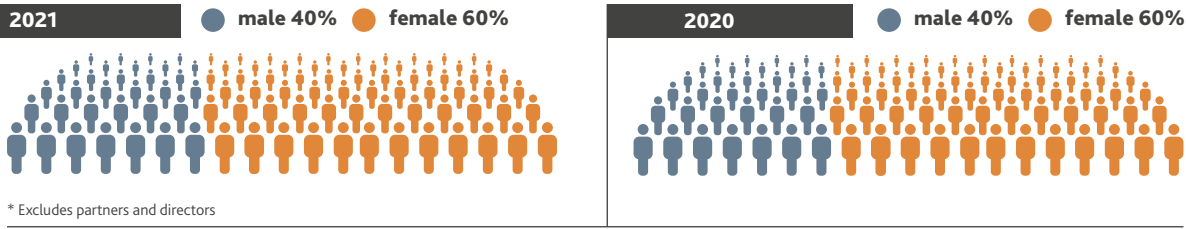
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DIVERSITY

Ownership



Firm-wide demographics*



* Excludes partners and directors

SOCIAL

7

Thuthuka bursaries

63

Pro-bono clients

R 10 281 606

Done in Pro-Bono work

R834,900

Spent on Diversity and Inclusion training

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A MESSAGE FROM OUR CEO



Mark Stewart, CA(SA)
Chief Executive Officer

Welcome to BDO in South Africa's (BDO) second Transparency Report – one of the important ways we offer our stakeholders clarity about the shape and direction of our business now and in the future. The theme of this year's report is CLARITY – a word I have intentionally capitalised because it has become an integral part of our business's DNA.

THE LAUNCH OF THE CLARITY CHARTER

This has been an important year for rethinking auditing, which started with the launch of our Clarity Charter in July 2020. Clarity is our commitment to helping restore trust in the auditing profession amidst the public scandals that continue to taint the essential role that auditors play in the economy.

For us, Clarity is not a short-term campaign or an internal tool we use to motivate staff. It has become a firm operational principle that extends into our work in auditing, tax and advisory, defining how we work, behave and position ourselves in the market. To date, we have hosted three successful Clarity Sessions where we debate critical questions about South Africa's future. These sessions not only shape the working culture within our business, they position us as thought leaders to businesses across the country. In an environment where mandatory audit firm rotation (MAFR) could offer equal opportunities to every firm, we have publicly drawn a clear line in the sand that can only serve us well now and in the future.

THE IMPACT OF COVID-19

Like most of the world, South Africa has had a difficult year with Covid-19. We've seen sovereign debt, mortality rates and unemployment increase; and GDP, disposable income and consumer confidence decrease. Many businesses – and many people – have tragically not survived the year. The pandemic has reminded us all that the status quo can shift quickly and we should continually re-evaluate the way we plan for and mitigate risk.

A few months into the pandemic, BDO Global developed the Rethink Framework to support clients through the Covid-19 journey by identifying the key stages, issues and opportunities to be considered as clients progressed towards succeeding post Covid-19. The three stages of Rethink are React, Resilience, Realise. [Read more here](#)

In South Africa, we repositioned this as a framework for measuring and monitoring resilience, and to help clients

identify key stages, issues and opportunities, with the desired outcome being an organisation that can 'bounce back' after facing a crisis. Our work proved so successful that we won the regional 2020 BDO Global Dreamcatcher Award for our agility and leadership in embracing the Rethink management philosophy.

I've been impressed at how our people have adapted to the series of successive lockdowns that began in March 2020. Although staff were affected differently depending on their role in the business, we have had no retrenchments or salary cuts and have continued to recruit people – even at a senior level – to help us deliver on our business strategy. As the world of work trickles back to offices, we have implemented a flexible working environment and have ensured that our staff continue to be adequately equipped to work remotely within a safe environment. Whatever the upsides offered by working from home, all the evidence shows me that people also value going to work. Our plan is to continue to offer a working model that balances flexibility with the importance of being in front of clients and each other, while remaining vigilant with regard to further waves of Covid-19.

OTHER DEVELOPMENTS

The demand for South African professionals remains at an all-time high, and in response to this demand we have created an outsourcing centre in Durban, Gqeberha and Pretoria where qualified staff will provide services to the US and UK markets.

Although this has been a tough period, I must thank everyone who works at, or with, BDO for their support and dedication over the past year. Thanks to you, our business has endured and thrived – and we are well-positioned to take advantage of the opportunities that will come with the re-opening of both the local and global economies.

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WHAT MAKES US BDO?

In 2020, BDO launched a refreshed set of Values. While our work on Clarity invites all our stakeholders to hold us to account, our Values guide our people on how to live out the principles of the Clarity Charter in their everyday decisions.

We launched our new Values via an interactive session hosted on Microsoft Teams, which included interviews with staff explaining what each value meant to them.

Our communication to staff is included below.

OUR PURPOSE

“People helping people achieve their dreams”

Purpose-driven organisations do better. They are more ambitious, they attract and retain the right talent, they inspire innovation and can make faster decisions. Crucially, they are more trusted. Why? Because they know exactly why they do what they do, and who they are doing it for.

People’s dreams matter to us. We strive to help people get to where they want to be – whether our colleagues, our clients, or the communities we live and work in.

As BDO continues to grow in reach, staff numbers and revenue, our WHY shapes how we work with our clients, support our colleagues and help our communities succeed. It helps us make better decisions for ourselves and for all our stakeholders, individually and as a global organisation.

OUR VALUES

In a world where one can barely keep up with managing the volume of mails in your inbox, it can be hard to take time to reflect on a company’s values. But without values, our work means nothing. Our numbers can be correct; our research can be on point; our clients may even be happy. But if we’re not acting from a set of values, something is going to give.

Our Values are critical to us achieving the principles of our Clarity Charter, which is all about clear thinking, clear doing and being clear about what’s appropriate (and what’s not) in the work we do.

Our Values are the foundation of ALL our conversations, ALL our work, ALL our advice and ALL our relationships. They’re a part of our internal culture, how we work, and how we engage.



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It's never been more important or urgent for our profession to claim back its reputation. Every year we hear of fresh scandals which, despite being the specific governance failures of individual firms, end up tainting the whole sector. There are serious trust problems that our profession must address, and we are not afraid to tackle them.

We stand, as always, on the truth that good business is built by good people doing good work.

OUR VALUES IN ACTION



We **ALWAYS DO THE RIGHT THING**. Even when it's inconvenient, even if it means losing out on a client or an opportunity. If something is even slightly wrong, a grey area, or an uncertainty, count us OUT.



That's how we build an **EXCEPTIONAL** reputation: it's not just our ways of working and standards of service, it's in how we treat our clients, colleagues and the whole country.



We **ADD VALUE** when we recognise that our work can't just be "correct", it must be done right in every sense of the word.



We **COLLABORATE TO WIN** and are **STRONGER TOGETHER** because we deliver exceptional quality by enabling our people to be the best.

[Watch our Values manifesto video here](#)

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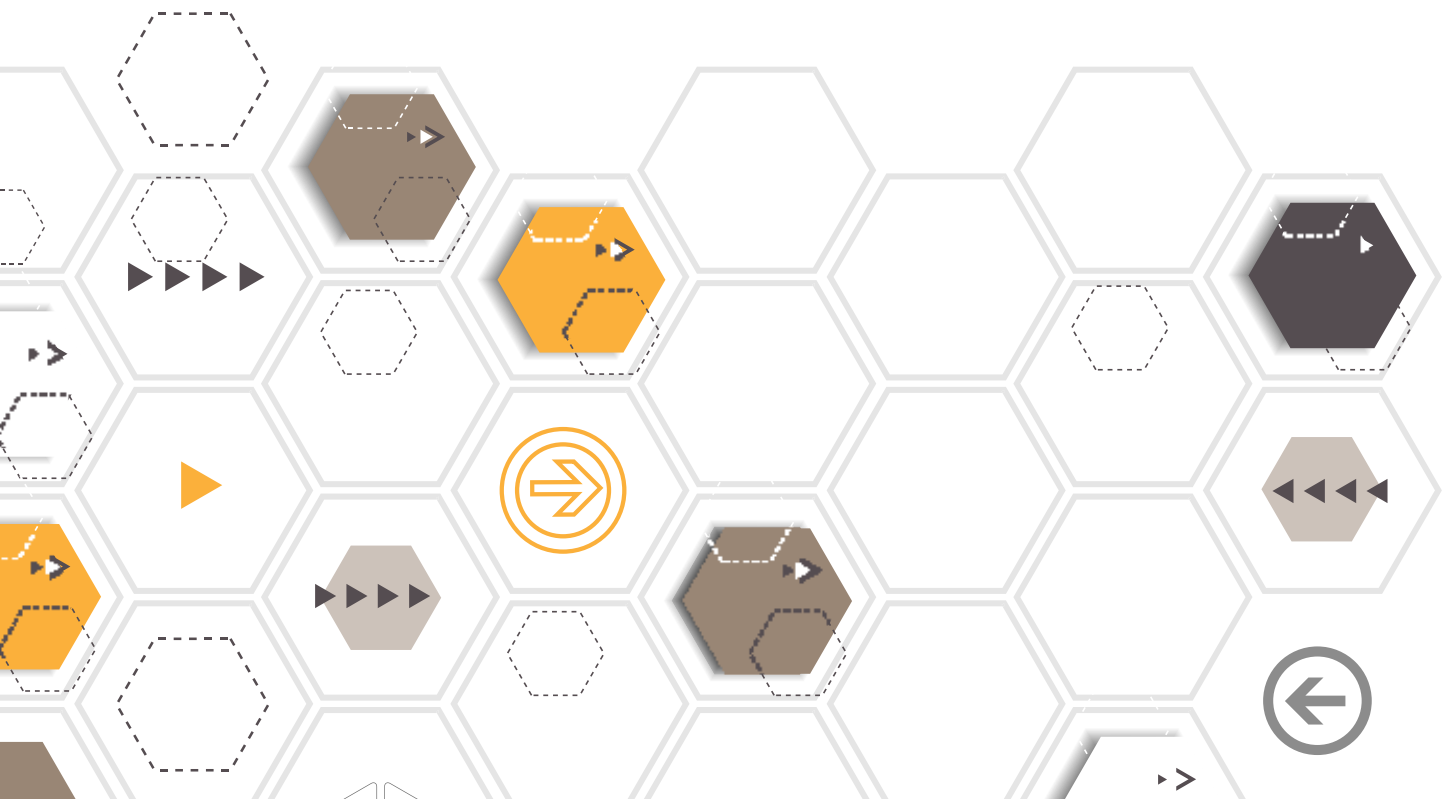
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NETWORK STRUCTURE AND OWNERSHIP

BDO in South Africa is part of the BDO global organisation, a worldwide network of public accounting firms serving international clients. BDO’s global organisation extends across 167 countries and territories, with over 90 000 people working out of 1 658 offices – and we are all working towards a common purpose: People Helping People Achieve their Dreams.

ONE ORGANISATION – GLOBALLY CONNECTED

Our firms across the organisation cooperate closely and comply with consistent operating principles and quality standards. That means local resources who understand our clients’ businesses, their local and international markets and the specifics of their industry: all backed by a truly global organisation.

BDO is the trademark name for the BDO network and for all BDO member firms.

LEGAL STRUCTURE

Each BDO member firm is a member of BDO International Limited, a UK company limited by guarantee, either as a voting member (one vote per country) or as a non-voting member. BDO International Limited is the coordinating entity of the BDO network and specifies the duties of the BDO member firms in its set of rules.

The Global Leadership Team is supported by the Global Office of Brussels Worldwide Services BVBA, which is a Belgian limited liability company and renders services for supporting the coordination of the BDO network.

BDO International Limited and Brussels Worldwide Services BVBA do not render any services to clients. Such services are exclusively provided by the individual BDO member firms in their own names and on their own account.

BDO International Limited, Brussels Worldwide Services BVBA and the BDO member firms are each independent, separate legal entities and are not liable for the acts or omissions of the other firms. Nothing in the agreements or policies of BDO has established or contains any reference to an agency, representational relationship or partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the BDO member firms.

BDO IN SOUTH AFRICA

BDO in South Africa includes BDO South Africa Incorporated and its affiliated companies, all of whom form part of the South Africa member firm. All local BDO companies are connected by common ownership and conform to BDO internal policies, ethics codes, procedures and values.

BDO South Africa Incorporated is owned by its equity partners, whilst the affiliated companies listed below are directly or indirectly wholly or majority owned by the BDO equity partners through trusts:

BDO Advisory Services (Pty) Ltd • BDO Business Restructuring (Pty) Ltd • BDO Business Services (Pty) Ltd • BDO Corporate Finance (Pty) Ltd • BDO Employee Benefits (Pty) Ltd • BDO Healthcare (Pty) Ltd • BDO PS Advisory (Pty) Ltd • BDO South Africa Services (Pty) Ltd • BDO Tax Services (Pty) Ltd • BDO Verification Services (Pty) Ltd • BDO Wealth Advisers (Pty) Ltd • Celerity Investments (Pty) Ltd • Solutio Investment Holdings (Pty) Ltd • Statucor (Pty) Ltd

Offices: Cape Town | Durban | Gqeberha | Johannesburg | Pretoria | Roodepoort | Stellenbosch

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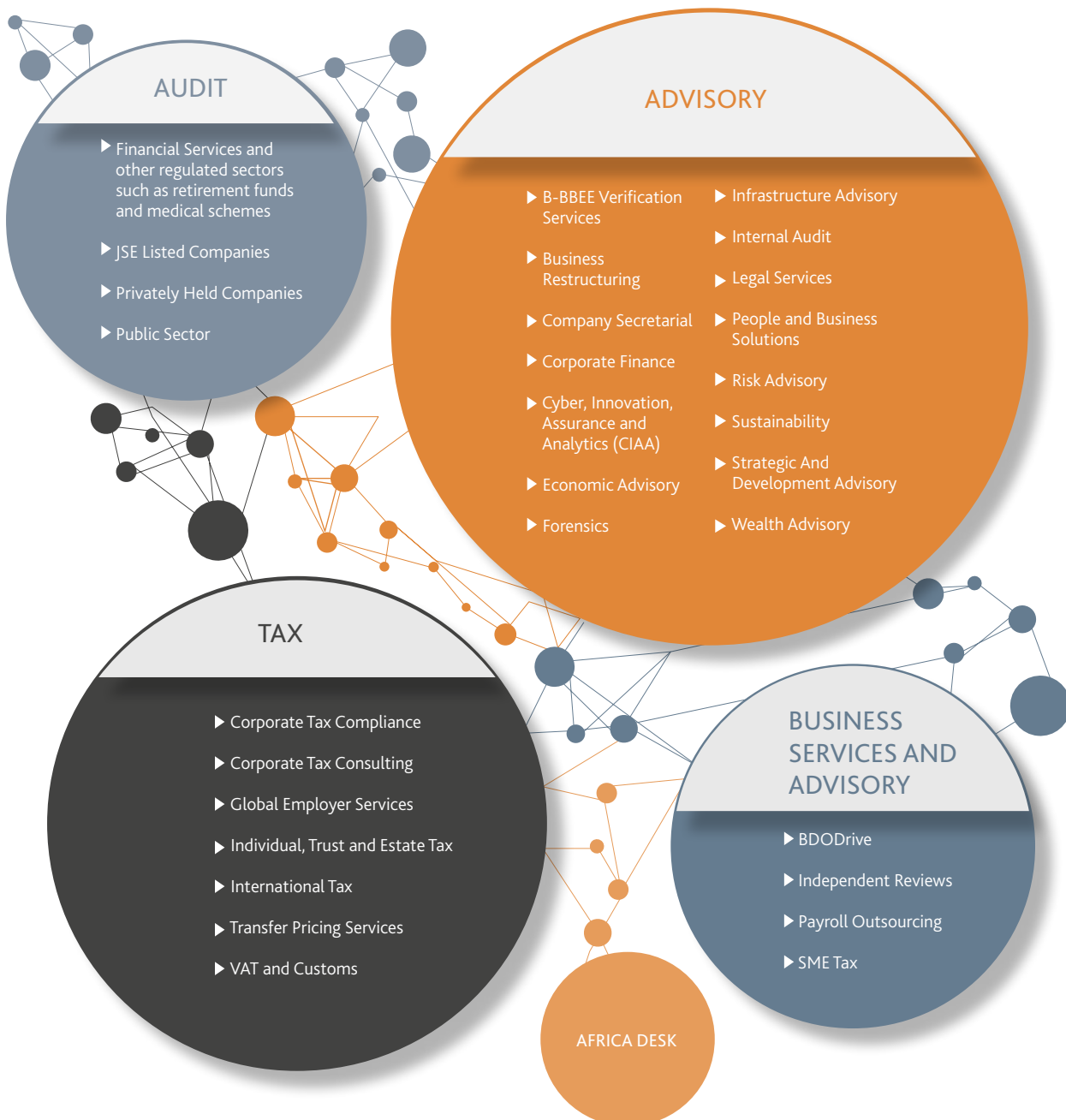
SHAREHOLDER CLASSIFICATION

Shareholders are owners of the business. The shareholders of BDO South Africa Inc, are all qualified chartered accountants CA(SA) and Registered Auditors (RAs). Some of our directors are, however, shareholders in other entities in the BDO South Africa network and are not necessarily CA(SA)s.

OUR MULTIDISCIPLINARY SERVICE LINE APPROACH

The principal services provided by the firm are Audit, Advisory and Tax. These business streams have dedicated teams of partners, directors and professional staff nationwide tailoring high-quality business solutions for clients. We believe this model benefits our markets, our clients and our people as it provides the right environment for enhancing quality and delivery through innovation.

SERVICE LINE MODEL



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GOVERNANCE STRUCTURE

BDO in South Africa is committed to the implementation and application of the highest standards of corporate governance.

GOVERNANCE OF THE NETWORK

Management committees of the BDO network are the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council comprises one representative from each voting member and represents the member firms of BDO International Limited in the annual general meeting. The Council approves the central budget of the network, nominates the members of the Global Board and passes resolutions on changes to the Articles of Incorporation and the rules of BDO International Limited.

The Global Board represents the management of BDO International Limited and comprises one representative from each of the seven largest member firms of the BDO network, whose respective nomination is for a term of three years and approved by the Council. The Global Board sets the priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board is convened at least four times a year.

The global leadership team coordinates the activities of the BDO network. It is led by the CEO and comprises the global heads of audit & accounting, tax, HR & development, business development & marketing, IT, the CEO Europe, Middle East and Africa (EMEA) (who is currently also the global head of advisory), the CEO Americas, the CEO Asia Pacific and the International Secretary.

The South African firm plays a key role in the following BDO International structures:

- BDO International EMEA Board • International Business Development & Marketing Committee • Global industry sector groups - Financial Services, Natural Resources and Cyber • Global PR Committee • Global ESG Group • BDO Global Future Leaders • Heads of Audit and Assurance Quality Management (HAAQM) attend monthly BDO Global HAAQM Community meetings

GOVERNANCE OF THE SOUTH AFRICAN FIRM

Chief Executive Officer (CEO)

Our CEO is elected by the partners/directors for a four-year term after which he or she may be re-elected for a further term of four years. Our current CEO is Mark Stewart, who has served in this role since 2014. Mark is responsible for the strategic direction, reputation and overall performance, efficiency and sustainability of BDO in South Africa. The firm is currently establishing the nominations and appointments committee to deal with the process of appointing the next CEO. The appointment will be made in terms of the existing policy regarding the firm's transformation objectives.

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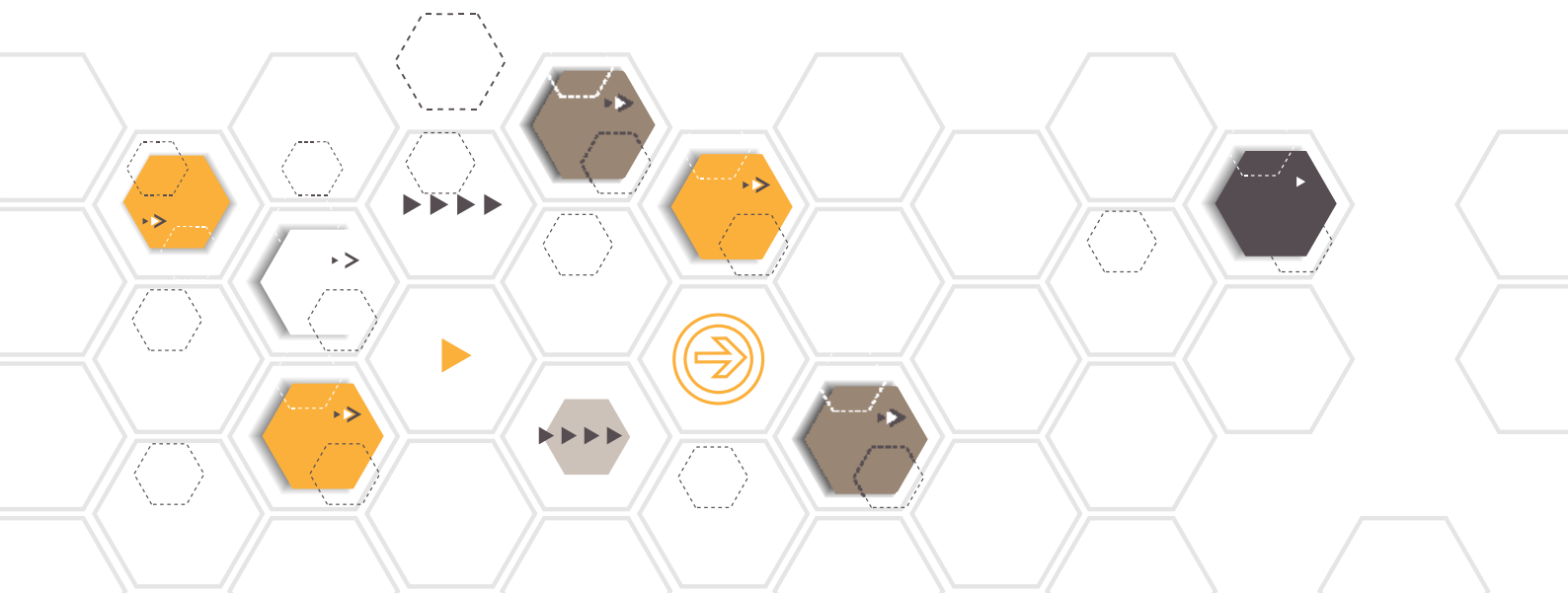
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Executive Committee (EXCO)



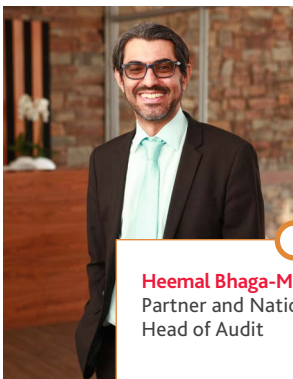
Mark Stewart
Chief Executive Officer (CEO), BDO EMEA board member



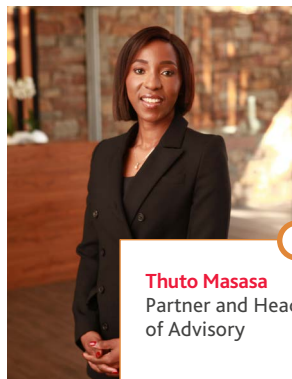
Eurekha Singh
Chief Operations Officer



Daniel Botha
Chief Financial Officer



Heemal Bhaga-Muljee
Partner and National Head of Audit



Thuto Masasa
Partner and Head of Advisory



Bert Lopes
Johannesburg Office Managing Partner
Global Natural Resources Sector member



Ian Scott
Cape Town Office Managing Partner



Sumesh Somaroo
Durban Office Managing Partner



Mark Willimott
Gqeberha Office Managing Partner



Bonita de Wet
Pretoria Office Managing Partner



Paul Badrick
Partner and Head of Public Practice and Listed Companies

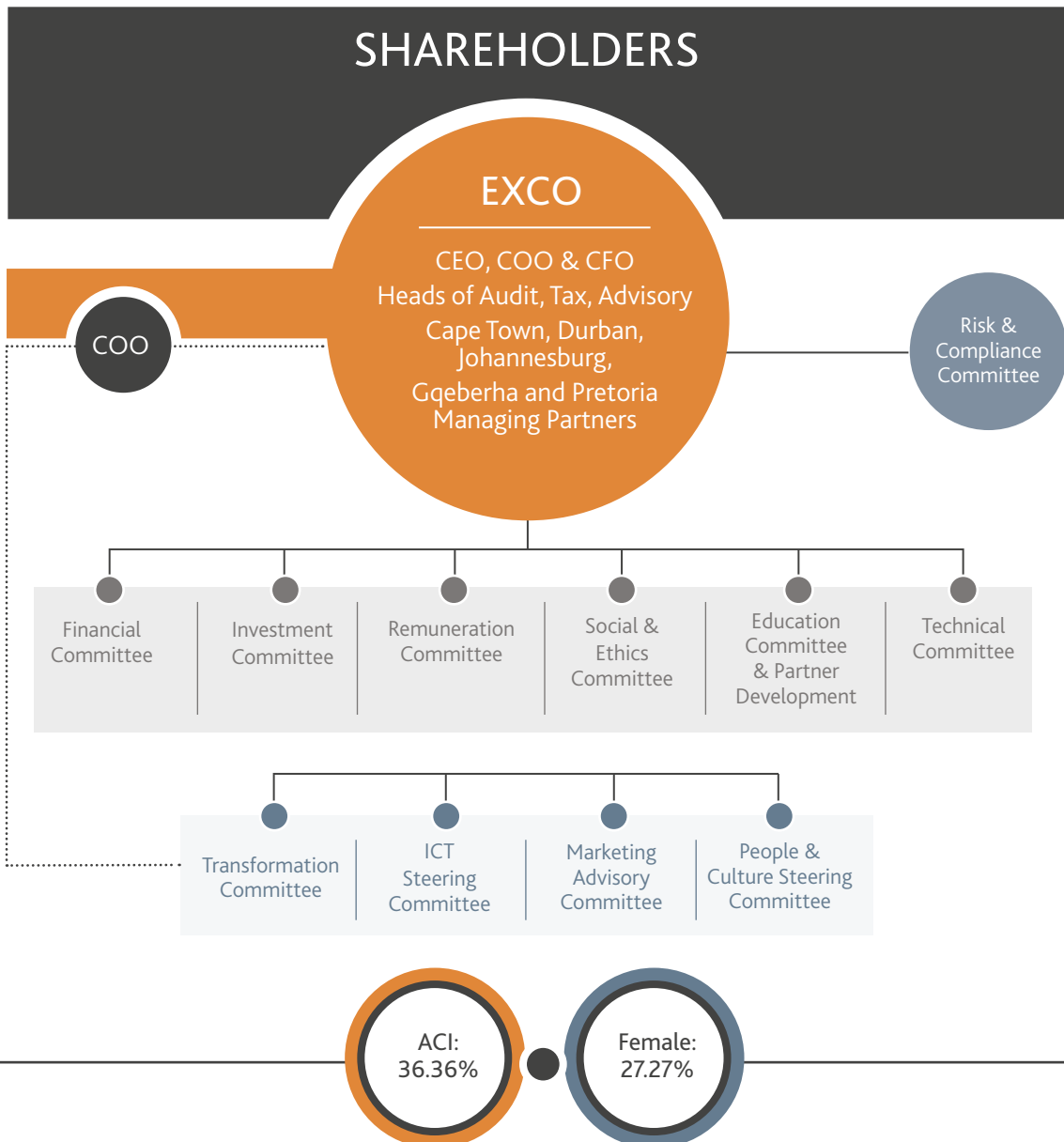
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Exco roles and responsibilities

- ▶ Approvals framework
- ▶ BDO international relationships
- ▶ Financial performance and reporting
- ▶ Governance, compliance, risk management and quality control
- ▶ Leadership and succession
- ▶ Meet at least six times a year and ad hoc as required
- ▶ Partner/director affairs
- ▶ Partner/director performance and remuneration
- ▶ Partner/director protocol
- ▶ Policy development and custody
- ▶ Strategy and sustainability
- ▶ Transformation strategy

Governance framework



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STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders allows us to provide clarity and create the value they are seeking. We actively listen and respond to our stakeholder views and expectations.

ONGOING AND/OR AD HOC STAKEHOLDER ENGAGEMENT APPROACH

Our clients

- ▶ Alumni programme
- ▶ Social media
- ▶ Bid debriefs
- ▶ Thought leadership publications
- ▶ Client satisfaction surveys through Net Promoter Score (NPS)
- ▶ Training seminars
- ▶ Events and webinars
- ▶ Transparency Report
- ▶ Print and broadcast media
- ▶ Website
- ▶ Sharing insight and industry knowledge via Pulse, our client newsletter
- ▶ White papers

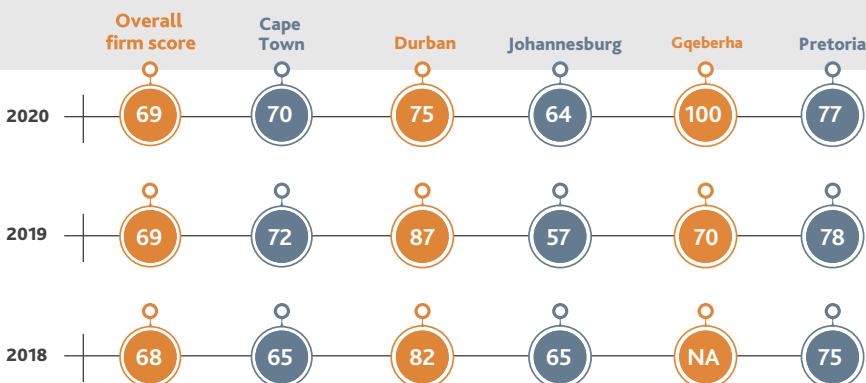
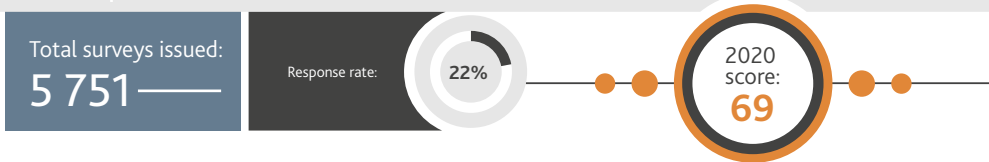
NPS results

As part of our commitment to delivering on our global brand promise to be the leader for exceptional client service, we use the Net Promoter Score (NPS) to ascertain client satisfaction with BDO's service across all regions and divisions. The NPS is determined by subtracting the number of 'detractors' from the number of 'promoters', and the score can be anything from -100 to +100. Clients are asked to respond to the following questions (with 0 being 'not at all likely' and 10 being 'extremely likely'):

- ▶ Will you recommend BDO? How likely is it that you would recommend BDO to a friend or colleague?
- ▶ Needs: Do we understand your needs?
- ▶ Communication: Is our communication clear, open and timely?
- ▶ Team capability: Are you confident in the knowledge and capability of our people?
- ▶ Commitments: Do we meet our commitments?
- ▶ Insight and advice: Do we provide valuable insight and advice you can trust?

Clients are surveyed throughout the year, so as an engagement ends, the client is sent an NPS survey to complete. In this way we can understand issues almost immediately and can respond timeously.

2020/21 | 71 Detractors | 234 Passives | 925 Promoters



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BDO people

- ▶ Confidential ethics hotline
- ▶ Email
- ▶ Exit interviews
- ▶ Internal laptop 'pop-up' communication channel
- ▶ Internal transformation and diversity networks
- ▶ Intranet (SharePoint)
- ▶ Partner/director meetings
- ▶ Performance reviews and regular check-ins
- ▶ Print and broadcast media
- ▶ Social media
- ▶ SMS
- ▶ Staff events
- ▶ Tea with Mark – small group staff meetings with the CEO
- ▶ Training sessions
- ▶ Twice yearly staff updates via Teams
- ▶ Website

Graduates

- ▶ Bursary programme
- ▶ Graduate recruitment on campus
- ▶ Guest lecturing and speaking engagements
- ▶ Job shadowing
- ▶ Participation in graduate programmes
- ▶ Print and broadcast media
- ▶ Recruiting events
- ▶ Sponsorships
- ▶ Vacation work
- ▶ Yes programme

Government

- ▶ Contributing to policy development through consultations
- ▶ Print and broadcast media
- ▶ Responsive to inquiries and reviews
- ▶ Sharing insight and thought leadership
- ▶ Transparency Report

Non-profit and community organisations

- ▶ Board representation
- ▶ Meetings and conferences
- ▶ National and regional charity partnerships
- ▶ Pro bono engagements
- ▶ Social media
- ▶ Speaking engagements
- ▶ Surveys
- ▶ Volunteering

Regulators

- ▶ Participation in consultations
- ▶ Involvement in committees and working group
- ▶ Print and broadcast media
- ▶ Quality reviews
- ▶ Transparency Report
- ▶ Website

Professional associations

- ▶ Collaboration on industry papers
- ▶ Conferences
- ▶ Involvement in committees and working groups
- ▶ Print and broadcast media
- ▶ Representation on leadership councils
- ▶ Social media
- ▶ Speaking engagements and roundtable discussions
- ▶ Website

BDO network

- ▶ Active participation in key BDO governance bodies
- ▶ International cooperation around issues or assignments
- ▶ Membership of various committees and forums

Suppliers

- ▶ Industry meetings
- ▶ Meetings
- ▶ Negotiations
- ▶ Proposals
- ▶ Solution workshops

Media

- ▶ Events and conferences
- ▶ Face-to-face and telephone briefings
- ▶ Media releases
- ▶ Opinion columns
- ▶ Publication of insights
- ▶ Social media
- ▶ Speaking engagements

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OUR PEOPLE – THE HEART OF OUR BUSINESS

Our clients, and the industry, expect excellence in everything we deliver. We hold our people to this same standard. As a result, we continually look for and grow talented people, offering them a diverse and inclusive environment where new ideas are welcomed and encouraged, and where people can grow their professional skills and networks.

DELIVERING VALUE DURING A PANDEMIC YEAR

Especially during this pandemic year, our people maintained and even exceeded their levels of productivity and service delivery despite the practical limitations of remote working and physical distancing. A particular challenge for all firms this year was upskilling the 2020 intake of accounting and auditing trainees and graduates. Since a large part of their training journey is practical, hands-on and in person, BDO will be investing even more actively in our current trainees so they gain all the experience needed to become well-rounded professionals.

A PLACE YOU WANT TO WORK AT: OUR EMPLOYEE VALUE PROPOSITION (EVP)

At BDO, we believe in investing in our people to help them grow. The foundation of our business is fostering strong relationships with colleagues, clients and other stakeholders. Our commitment is to give our people continuous opportunities and our clients unparalleled support.

We live our EVP every day and use this as part of our recruitment strategy for graduates and experienced hires. Our EVP is based on the following:



For trainees we also offer:

- ▶ Cross-sector client experience or specialisation in one of BDO’s key industry sectors
- ▶ Long term career prospects post traineeship
- ▶ Training contracts in Audit (SAICA), Business Services & Advisory (SAIPA), Tax (SAIT) and in Financial Services Technology

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RECRUITMENT AT A GRASSROOTS LEVEL

We have strategic partnerships with top learning institutions to attract talent. We also run learning-based competitions at selected universities, to help develop students academically, and to give them an opportunity to meet some of our people and get a better understanding of our firm. In April 2020, BDO hosted a remote "Hackathon" that asked learners to develop innovative, sustainable and community-driven solutions to real-life problems faced by businesses because of Covid-19. The winning team (MatieTech) was a group of five accounting and IT students from Stellenbosch University who designed MatieMoney – a peer-to-peer lending app for students that brings together those who need financial assistance and those with the capital to invest. The idea behind MatieMoney is premised on a dating app in that for the transaction to proceed, both the lender and the borrower need to choose each other. Users are paired when they 'swipe right' to show interest.

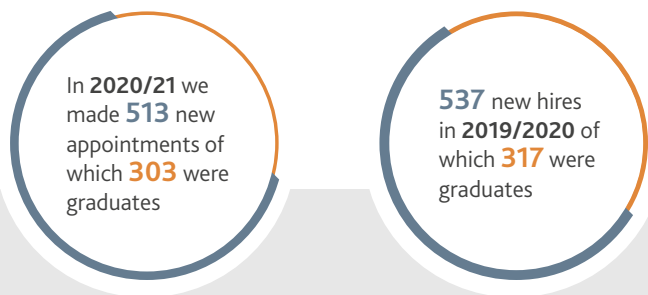
BDO also hosts internal programmes, such as vacation work and job shadowing for students to experience the working environment and BDO culture while they study. These programmes upskill candidates who attend and give them insight into what it would be like to work at BDO and assist them to make the right career decisions.

At school level, we promote the CA(SA) profession through presentations and host students in our offices through a school programme during the mid-year vacation period.

ONBOARDING

Our comprehensive national induction programme, which in the 2020/21 year had to become a virtual induction done via MS Teams, is designed to integrate new employees into the fabric and culture of our firm, highlight core values and the Clarity Charter, and introduce our methodologies, policies and practices. Enhanced communications, direct access to people and information, and emphasis on relationships and personal connections are also important aspects of our onboarding process. We regularly review and adapt our induction programme with new ideas and best practices.

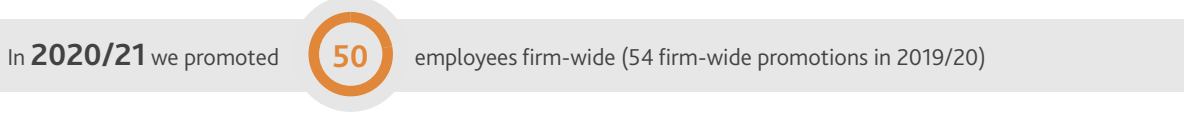
APPOINTMENTS



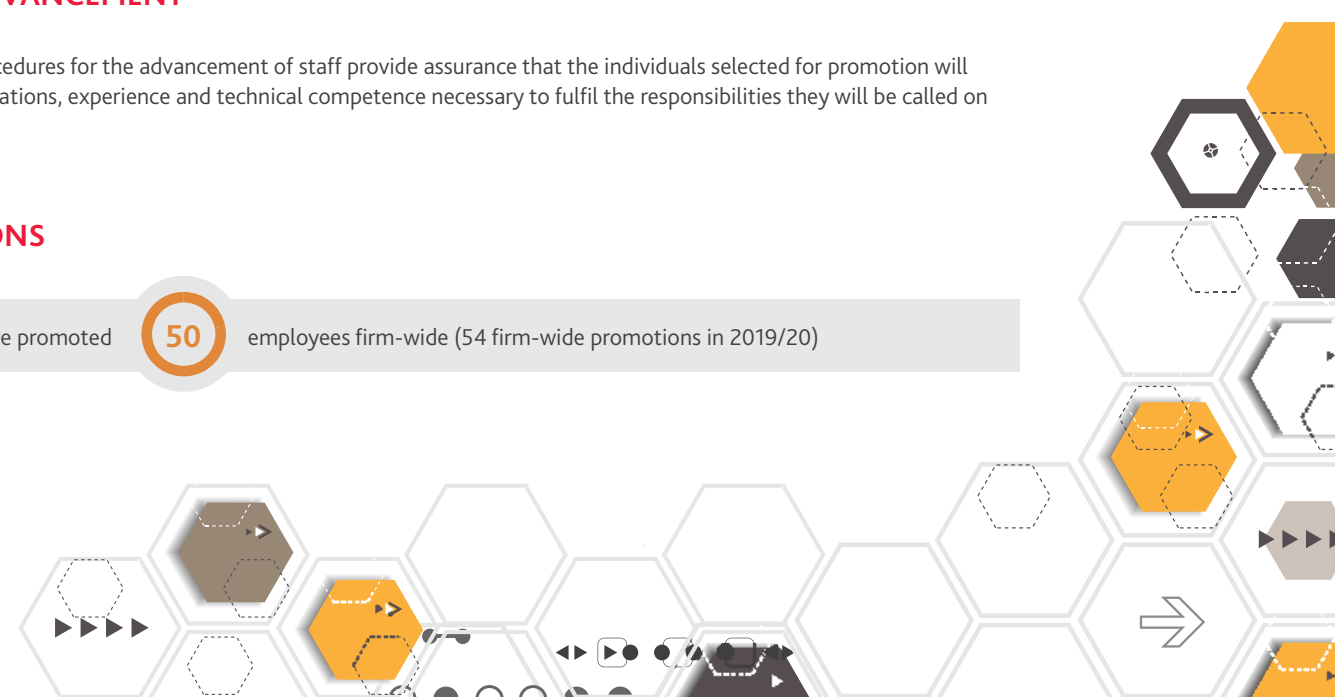
CAREER ADVANCEMENT

Policies and procedures for the advancement of staff provide assurance that the individuals selected for promotion will have the qualifications, experience and technical competence necessary to fulfil the responsibilities they will be called on to assume.

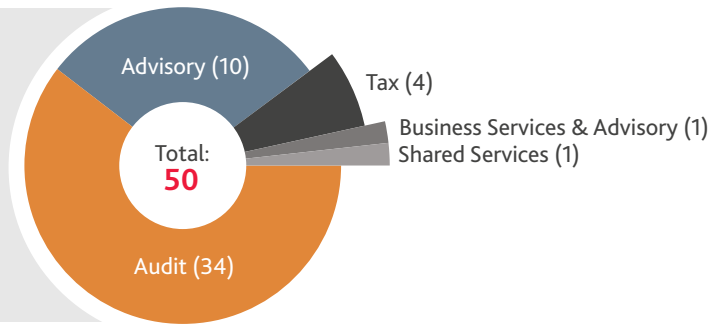
PROMOTIONS



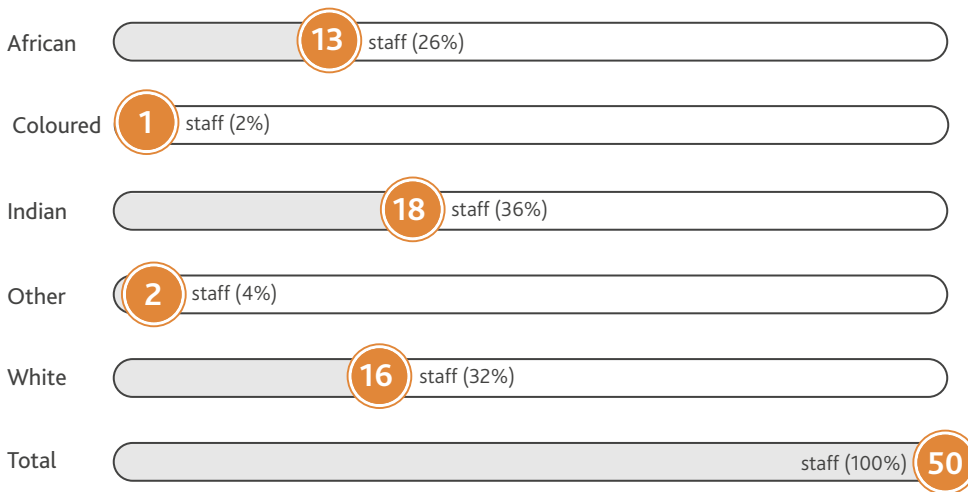
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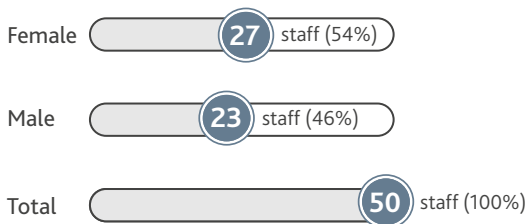
PROMOTIONS



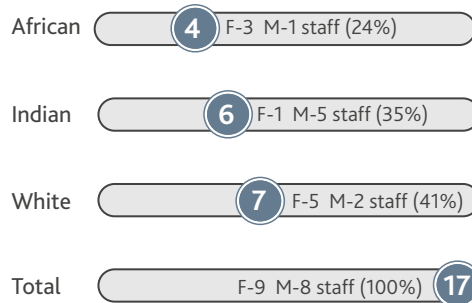
Promotions by race



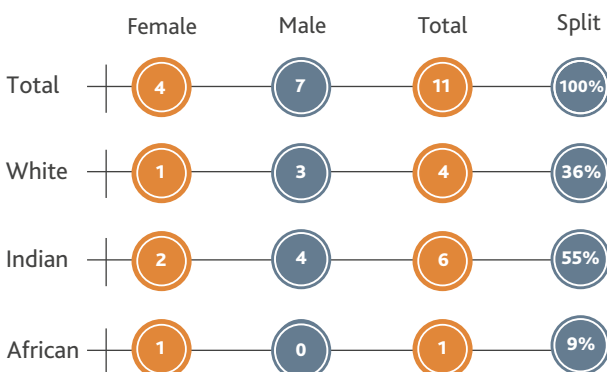
Promotions by gender



Promotions and Appointments - Audit Partner and Director



Promotions - Associate Director



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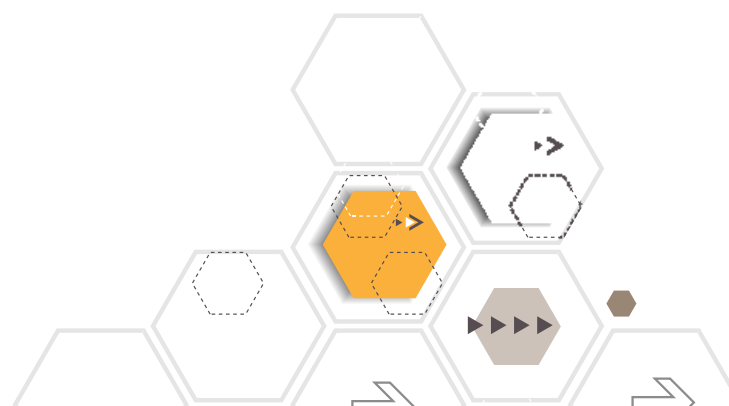
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PERFORMANCE EVALUATIONS

Bi-annual formal performance appraisals, as well as ongoing reviews and counselling evaluate the level of competence, monitor training and help all staff reach their full potential. The performance appraisal includes a review of individual contributions to the quality of services provided by the firm and the quality of their work.

A substantial part of the process is completed through self-evaluation followed by a discussion with the appropriate supervisor, which includes a review of the progress made on achieving the goals set at the previous evaluation, together with identifying specific goals for the coming period.

High potential staff (HIPOs) are placed on our High-Performance Programme to further develop their careers.

This programme includes assessment centres, training courses, mentorships, coaching and one-on-one guidance.

Underperforming employees are placed on a work performance counselling process. The objective of this process is to allow the employee a reasonable period to reach the standards expected of them.

In 2020/21, we introduced BDO Perform, an app that allows staff and managers to digitally monitor performance against set Key Performance Areas (KPIAs) and Key Performance Indicators (KPIs). It also enables 360° peer reviews.

CONTINUOUS LEARNING

We enable all our people to develop and maintain the highest possible standards of competence through our professional development programme. Continuous learning is key to that effort and we offer formal training courses, specialised training, mentoring, on-the-job coaching and supervision.

Through professional education we aim to create pipelines, develop capacity and build a pool of qualified staff, to ensure our readiness to respond to client needs.

We continually evaluate our learning and development curriculum and platforms to ensure they reflect current material and standards. Access to seminars, courses and webinars allows our staff to fulfil their Continuing Professional Development (CPD) requirements.

Our managers are all paired with a mentor partner who works closely to help develop them – either technically or in ‘soft’ skills – sharing their knowledge, experience and industry expertise. These relationships play a valuable role in the upskilling and professional growth of our future leaders.

Trainees attend technical training courses and much of their learning happens on the job, through learning from their seniors. We also train these seniors how to mentor and guide their juniors in a positive learning and working environment.

SECONDMENT OPPORTUNITIES

Our qualified audit employees can choose from various secondment opportunities, lasting from three months to two years. These opportunities may involve working within various departments across the country to cultivate technical and consulting skills before bringing that knowledge back to their local practices. Others gain international experience by leveraging our BDO International network. We believe that this cross-disciplinary exposure fundamentally increases our people’s skills in their core practice areas and allows enhanced technical and global perspectives to spread throughout our firm.

Unfortunately, due to the impact of the Covid-19 pandemic, no staff enjoyed secondment opportunities in the period under review.

REMUNERATION

We have designed our remuneration, reward and recognition models, not only with a focus on fulfilment and achievement of roles, but also to emphasise the concept of performance and outperformance.

To nurture our performance culture, we reward our people based on merit. Our rewards framework bases compensation on the performance of the firm, individual business units and individual employees.

Our remuneration package for all staff is market-related and includes salary, medical aid, retirement and group life benefits. Our remuneration approach also takes into account factors like the needs of the business, increased job scopes, transformation targets, and levels of responsibility, capability and contribution to the firm.

The salary averages per job grade are continuously updated and managed through reporting structures.

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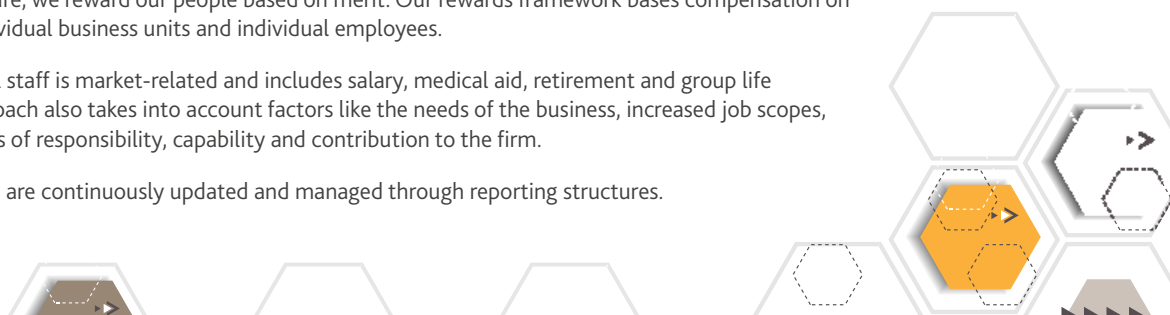
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Partner/director remuneration

The average total compensation* per partner/director amounts to **2.7 million** (before tax).

* Compensation includes all amounts paid to partners/directors in FY20, including dividends. Partners/directors who joined or left the firm during the reporting period received pro-rated compensation. This excludes directors in Wealth, Corporate Finance, Verification Services and Business Restructuring.

Partners/directors are remunerated out of profits of the firm in accordance with the shareholder agreement. The remuneration contains both a fixed and variable element linked to key performance indicators. The determination of profits of the firm is based on the results of the firm as a whole and is not dependent on the performance of any particular line of business or function.

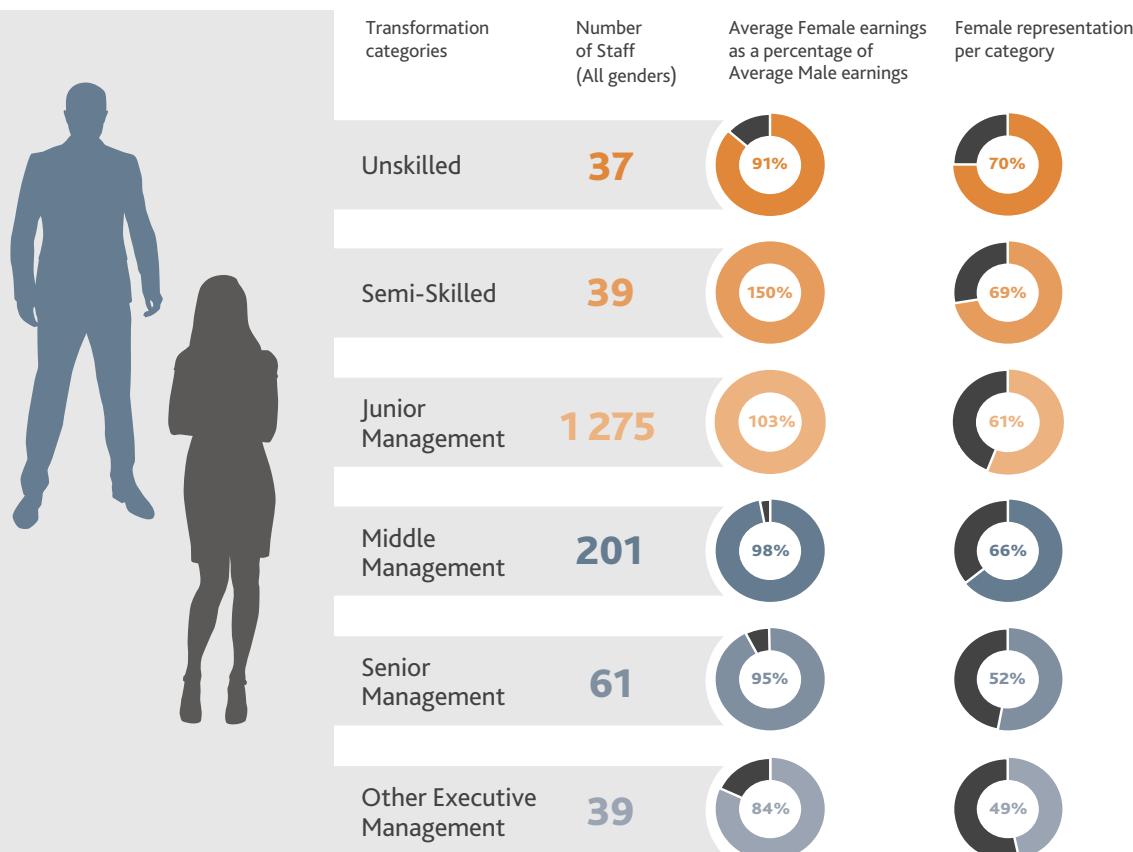
The final allocation of profit is made after a partner's performance has been appraised by the Remuneration Committee. This committee assesses each partner's performance based on several specific criteria including technical expertise, independence, integrity, professionalism, quality and practice management skills. Audit partners are not remunerated by reference to the sale of non-audit services to audit clients.

Addressing the pay gap

We acknowledge that our gender and transformation pay gap is driven by fewer women and ACI employees in senior positions. We are addressing this imbalance and remain confident that the actions we are taking, as set out in our transformation and inclusion plans, will continue to bring about the change needed to close the gap. The gender and transformation pay gaps show the difference in the average annual salary between men and women and white and ACI partners/directors.

The pay gap between the average lowest and highest earning employees, as at 31 March 2021 are:

Gender Pay Gap



The pay gaps can be driven by several factors including fewer women and ACI candidates in senior positions

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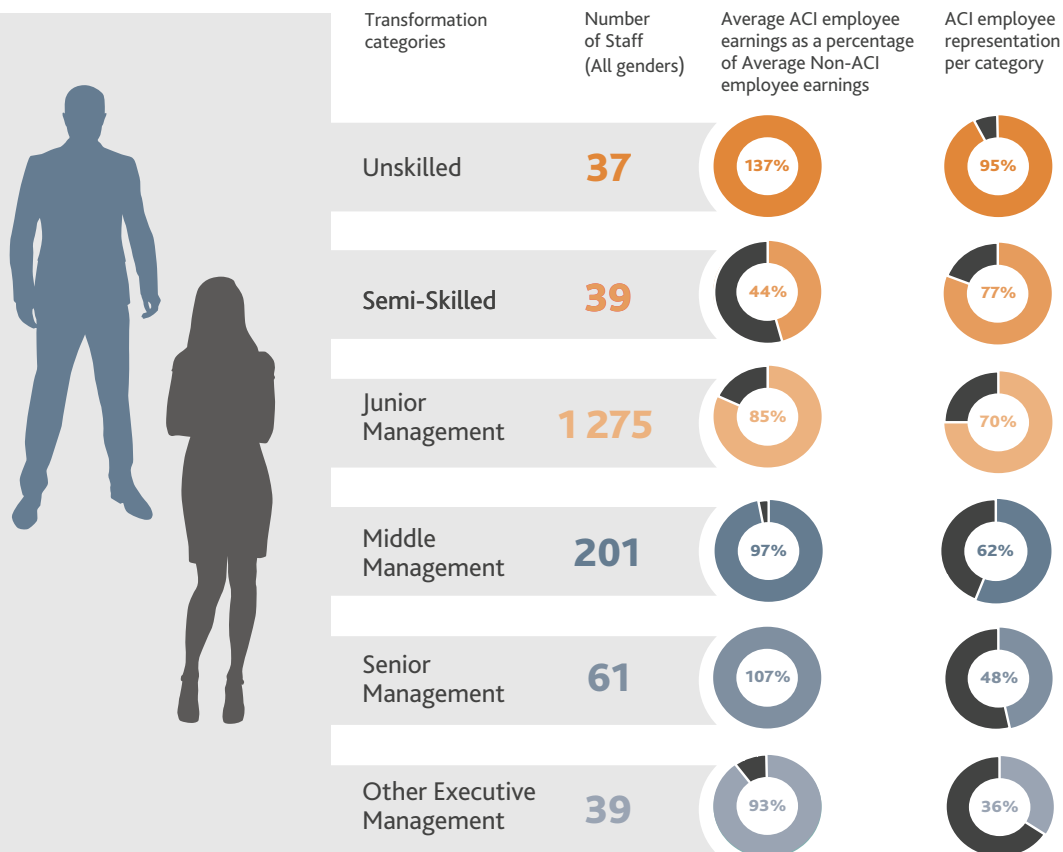
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Transformation pay gap



The pay gaps can be driven by several factors including fewer women and ACI candidates in senior positions.

Pay gap between the average lowest and highest earning partners/directors

| Remuneration | March 2021 | March 2020 |
|--------------|------------|------------|
|--------------|------------|------------|

Average total compensation per partner **2.7 million** **1.9 million**

| Director Pay Gap | March 2021 | March 2020 |
|------------------|------------|------------|
|------------------|------------|------------|

Gender Pay Gap

Average Female Director earnings as a percentage of Average Male Director earnings **85%** **84%**

Transformation Pay Gap

Average ACI Director earnings as a percentage of Average Non-ACI Director earnings **97%** **97%**

| Representation | March 2021 | March 2020 |
|----------------|------------|------------|
|----------------|------------|------------|

Percentage of all directors who are Female **33%** **29%**

Percentage of all directors who are ACI **26%** **19%**

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TRANSFORMATION

As a company with a purpose grounded in helping people, we embrace diversity and transformation both within our industry, as well as within the South African business environment. BDO is committed to sustainable empowerment that is forward looking, upskilling and which realises the true advantage and benefits of a diversified work force at all levels.

At a current **B-BBEE level 1** with black ownership at **48%** we are striving to attain at least **51%** black ownership and **30%** Black Women ownership within the short to medium term.

We are clear about the fact that we need to do better and be better as a profession. We are committed to leading this charge, especially at a time when South Africa is increasingly facing uncertainty and there is a lack of trust in corporate communities.

Our efforts are led by the BDO Transformation Committee which oversees and drives the steps needed to ensure that all staff have access to equal opportunities. The Committee's key focus areas are the increased recruitment of African, Coloured and female staff; and succession planning to redress the employment profile at senior levels within the organisation. The CEO, CFO and COO are members of the Transformation Committee and it is supported by an Employment Equity Committee, CSR Committee, our Balance for Better gender initiative, a Social Justice Committee and an Approvals Committee (whose sole mandate is to ensure that we are following employment equity legislation).

Through the efforts of these structures, we are proud that for the 2021 trainee intake we have **70%** ACI candidates at a national level. The African and Coloured 1st year intake represents **80%** of the **71%** total ACI intake.

These committees work-hard to help us be clear in our societal commitments:

- ▶ We grow our future leaders from within the business, but we also understand that growth requires investment and time, which is why we have the BDO High-Performance Programme. This programme aims to accelerate these future leaders in their learning and development through advanced courses, run both internally and externally.
- ▶ We assist the Thuthuka Bursary Fund, which sponsors previously disadvantaged students at selected SAICA-accredited universities. This initiative has proven to be fruitful for the firm and we are committed to investing in this programme.
- ▶ From a CSI perspective we have worked for 61 pro bono clients nationally with a value exceeding R10 million.
- ▶ The firm has strict supplier development procedures and policies to ensure the use of B-BBEE suppliers, with a specific focus on Qualifying Small Enterprises (QSE), Exempted Micro Enterprises (EME) and entities that are predominantly black female owned.
- ▶ In 2020, the ownership body of BDO Incorporated approved the increase of economic interest and voting rights of ACI partners, at no additional cost to them. While this will not fix the past, we hope it will provide surety to our staff that they have our commitment to changing the future.

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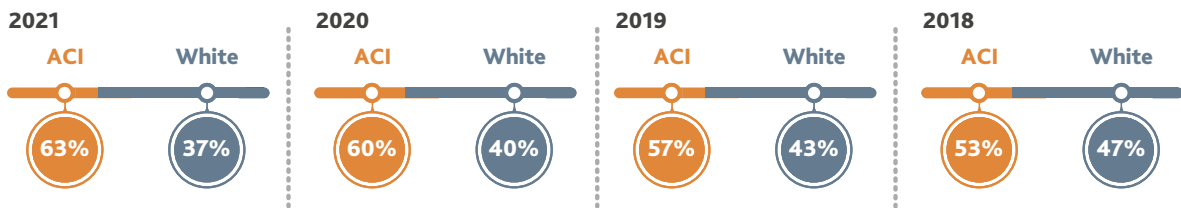
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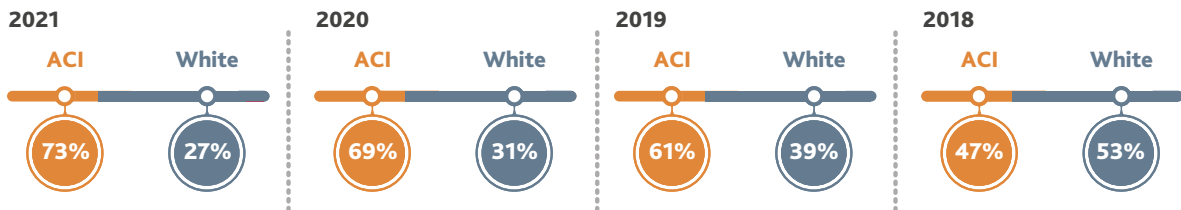
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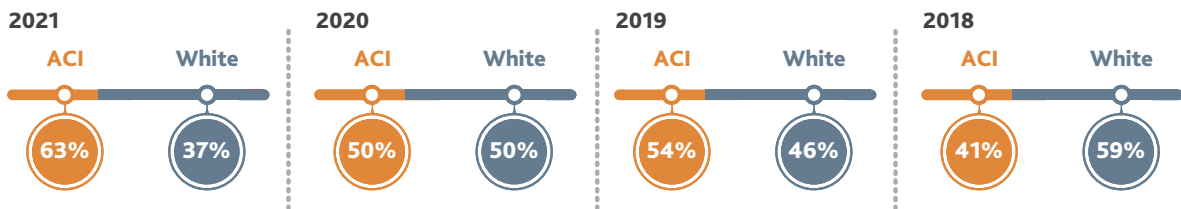
Progress – across the firm



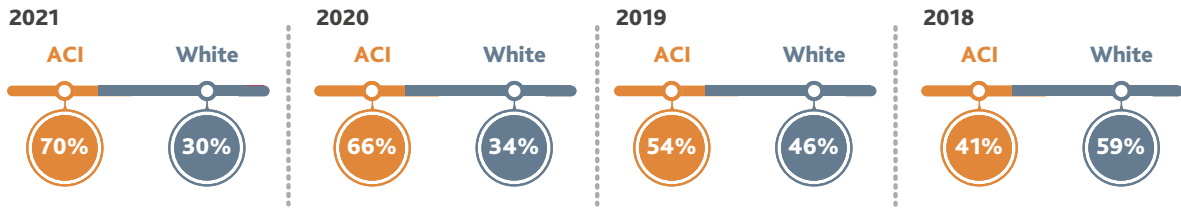
Recruitment (ACI) – Middle to senior management



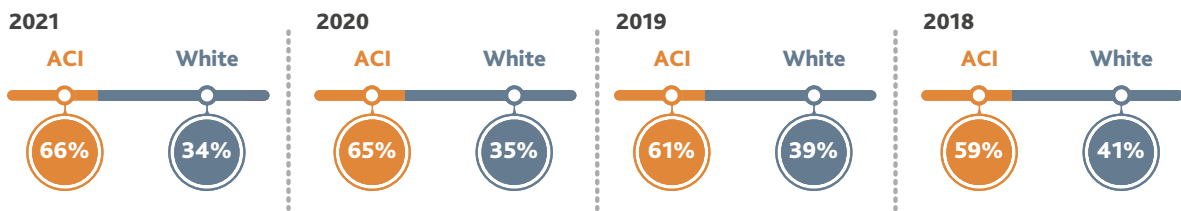
Promotions (ACI) – Middle to senior management



ACI trainee intake 2021

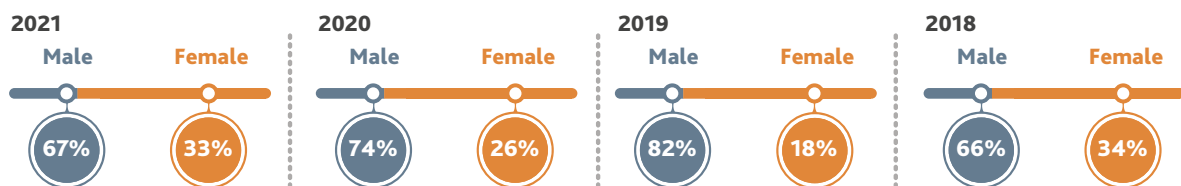


ACI trainees total 770 (1st, 2nd and 3rd year trainees)



Diversity

Diversity at ownership level



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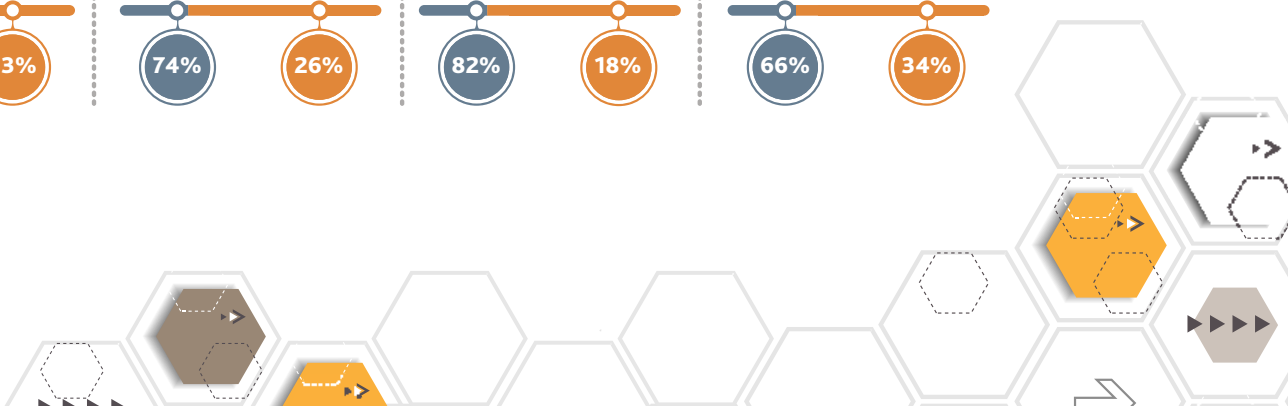
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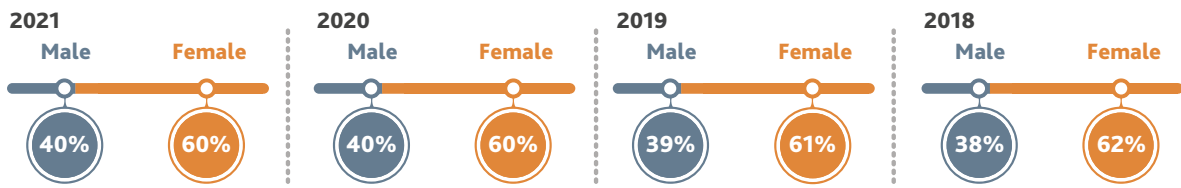
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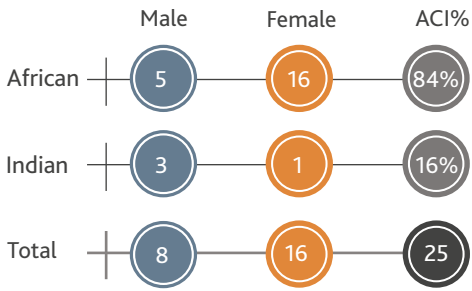
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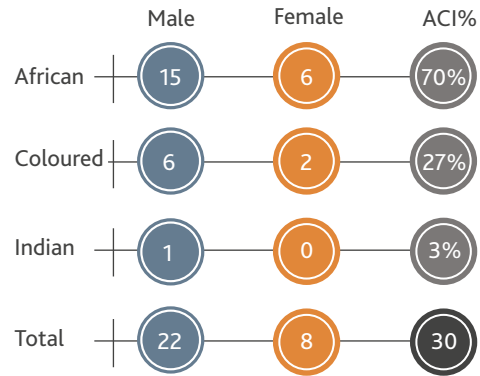
Diversity across the firm



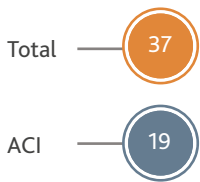
Youth employment services (YES Programme)



Disability learnerships



Audit Staff High Performance Programme



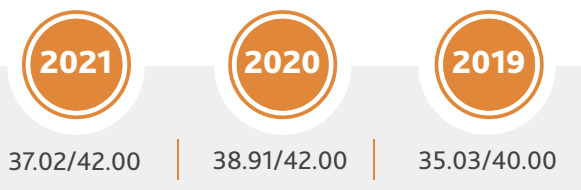
Thuthuka Bursary Fund



Procurement

We are making a conscious effort to increase procurement from B-BBEE suppliers with a specific focus on qualifying small enterprises (QSE), exempted micro enterprises (EME) and entities that are predominantly black female owned.

The points below reflect our achievement per year, out of the maximum number of points allocated to this area.



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DIVERSITY

Diversity is good for our business and a moral imperative that forms part of our social licence to operate in South Africa. At BDO, we recognise that we do not work in a vacuum but need to form part of the fabric of change in society. To this end, we are on a strategic journey to transform the firm, particularly around black women ownership.

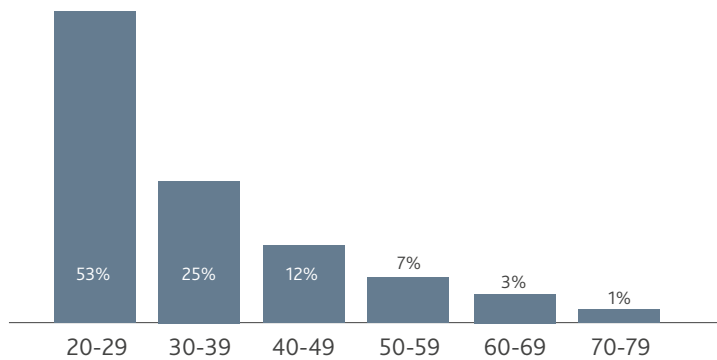
We support our professional women and drive their success through a range of women inclusion strategies. This includes professional development activities and social networking events that offer BDO women in all professional roles the opportunity to support each other, speak candidly and share advice about real business issues.

Diversity is not only good for business, it is also good for our people. It stimulates robust conversations and intellectual debates and positions us to perform better as an organisation. In 2020, BDO hosted Diversity and Inclusion training for leaders and managers.

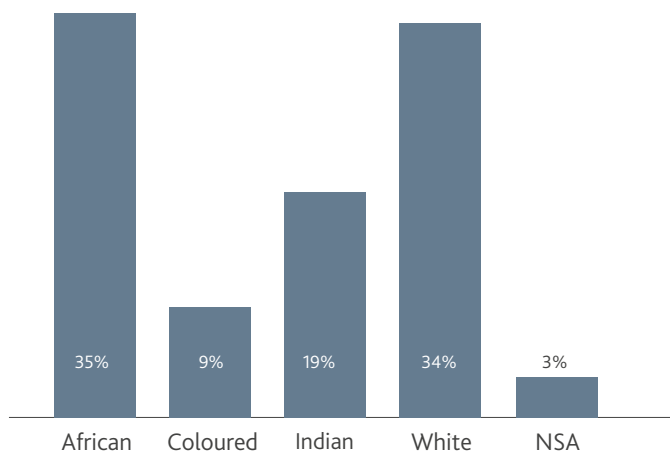
DIVERSITY AND INCLUSION: STAFF AGE, RACE, GENDER CLASSIFICATION

AS AT 31.03.2021

Staff breakdown - Age Group



Staff breakdown - Race Group



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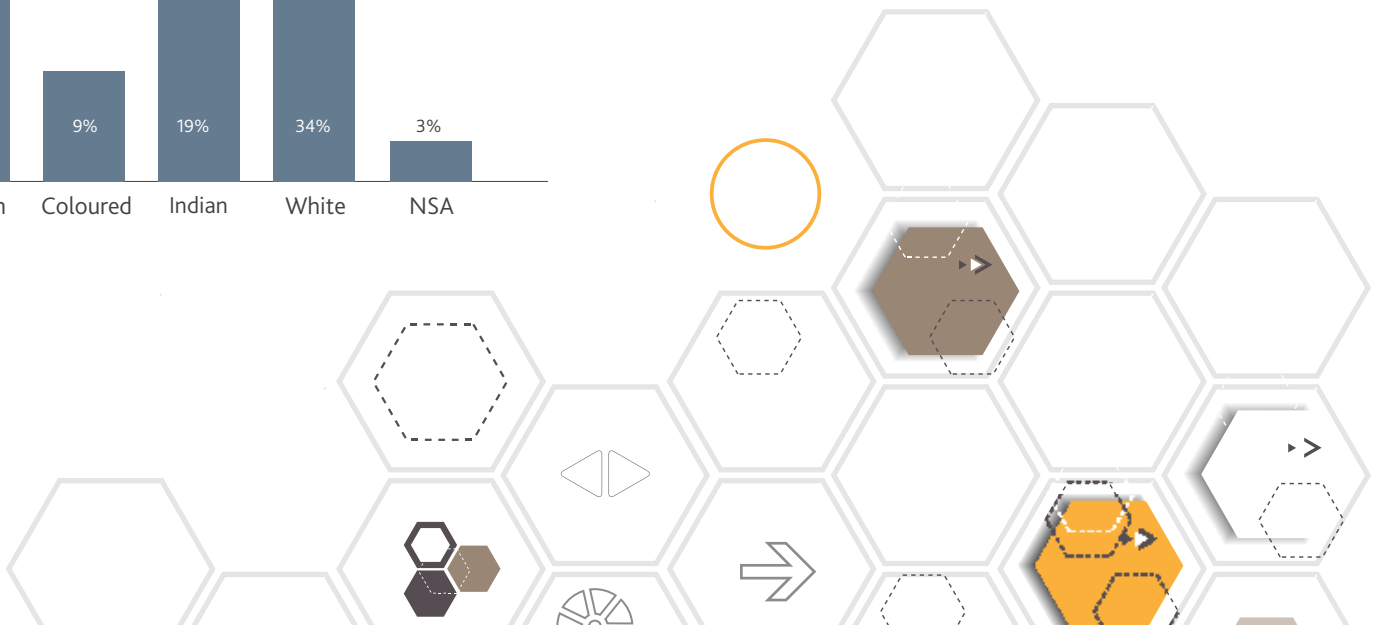
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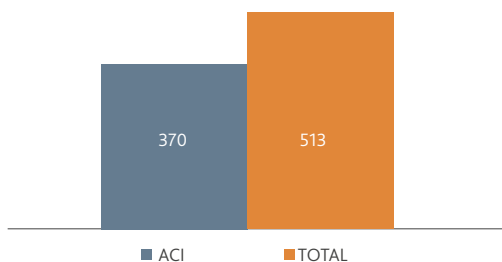
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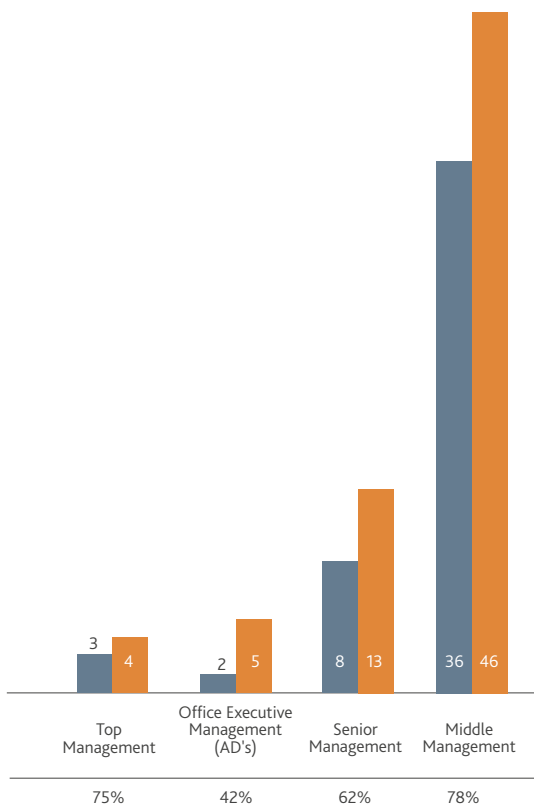
DIVERSITY AND INCLUSION: STAFF NEW APPOINTMENTS

PERIOD: 1 APRIL 2020 - 31 MARCH 2021

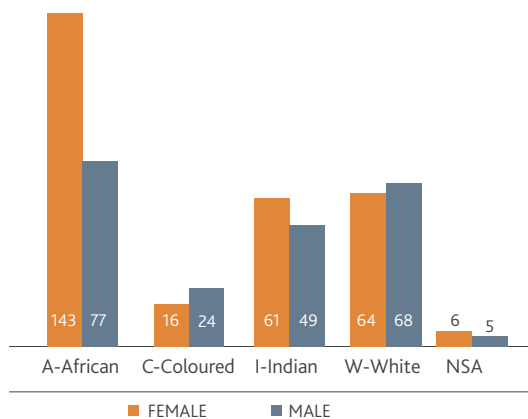
ACI Appointments vs Total Appointments: 71.43% are ACI



Percentage of ACI Appointments vs Total Appointments per level



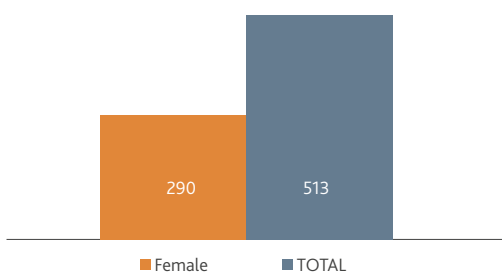
Demographic breakdown of Appointments per race and gender



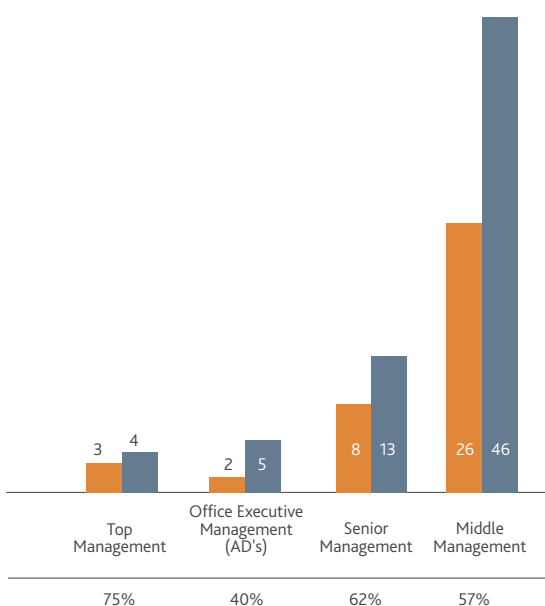
DIVERSITY AND INCLUSION: PERCENTAGE OF FEMALE APPOINTMENTS BY LEVEL

PERIOD: 1 APRIL 2020 - 31 MARCH 2021

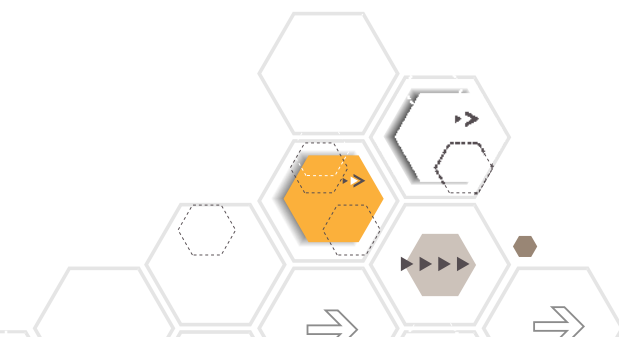
Female Appointments vs Total Appointments: 56.53% were female



Percentage of ACI Appointments vs Total Appointments per level



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BDO's Balance for Better Programme

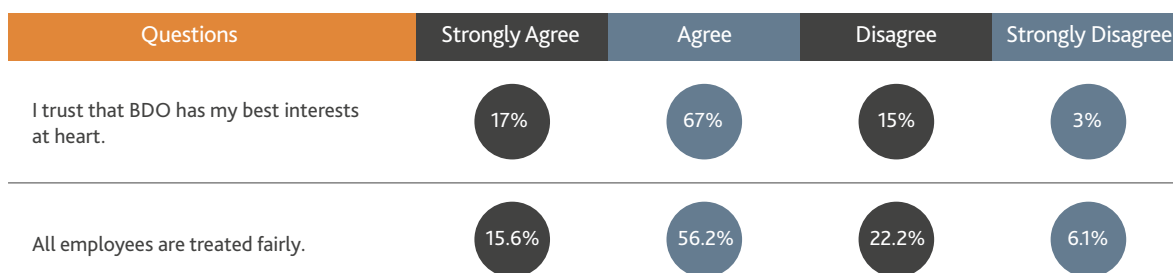
As with our transformation journey, BDO is also committed to gender equality to correct historical imbalances in South Africa, particularly around black women ownership, which was the backdrop for our Balance for Better survey.

The under-representation of women in senior positions is not unique to BDO in South Africa and is both a national and profession phenomenon. National research findings show that more women complete a tertiary education but occupy fewer managerial positions. From a profession perspective, numerous national and global studies confirm that more women than men enter the audit profession but fewer women progress to partner level. The research further indicates that women exit the profession earlier than men, at the audit manager level.

Gallup analytics confirm that for successful cultural transformation to be achieved there must be a strong connection between what is communicated and what is lived in a firm. Furthermore, meaningful change is more effective in organisations that are inclusive. In November 2020 we invited all staff to participate in a survey to assess perceptions of BDO's culture relating to gender equality and inclusion. The findings are being used to give guidance to several initiatives aimed at achieving gender parity.

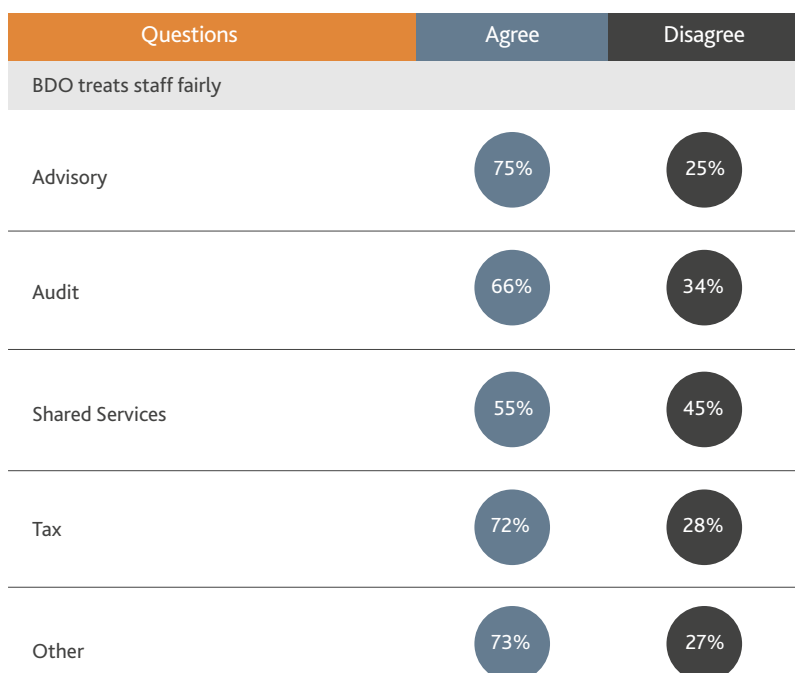
The key findings of the survey have been grouped into three categories: leadership commitment, creating an inclusive culture, and retention. Employees perceive BDO leadership as committed to gender equality and creating an inclusive culture. Nationally, employees trust that BDO has their best interests at heart, treats employees fairly and takes employee complaints seriously.

Leadership Commitment



When asked if BDO takes employee complaints regarding discrimination, ethics, bullying and sexual harassment seriously, over **77%** of staff feel that BDO does take complaints seriously whereas just on **6%** feel that BDO does not take complaints seriously. Some **17%** of staff feel that at least one of the four types of complaints are taken seriously.

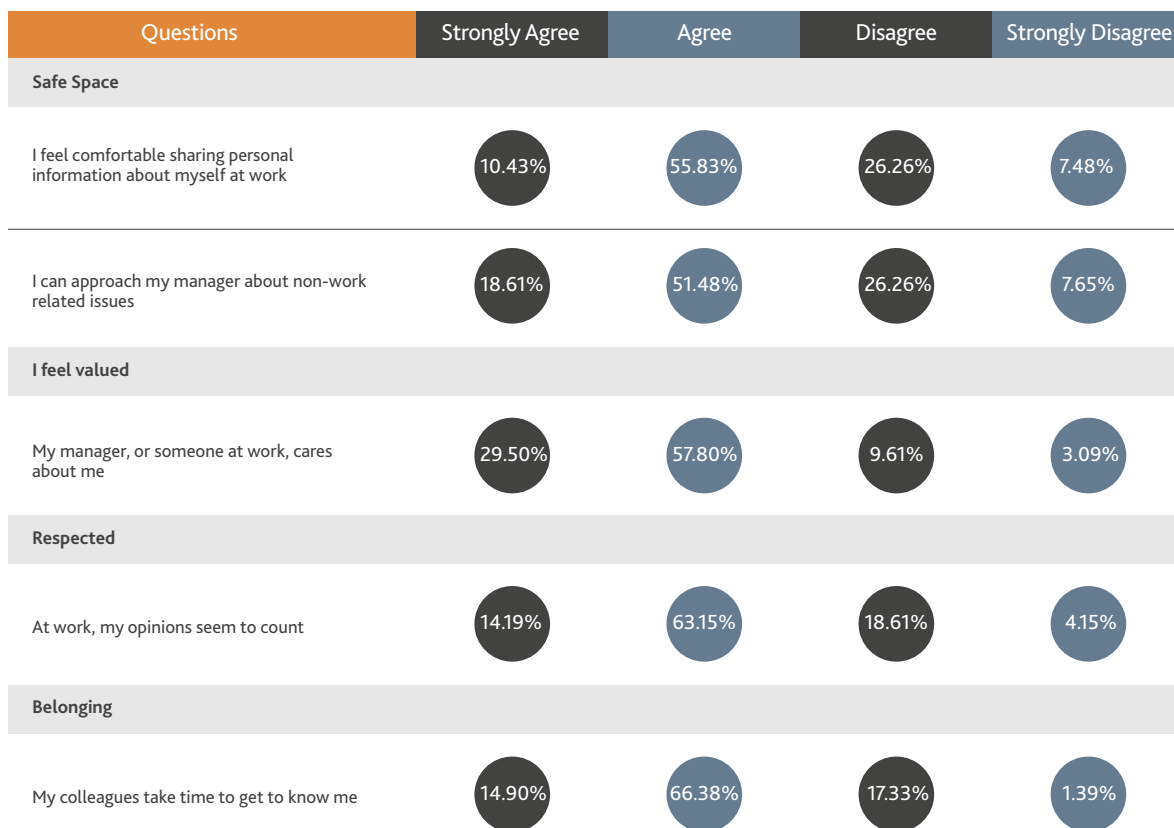
Service line feedback



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INCLUSIVE CULTURE

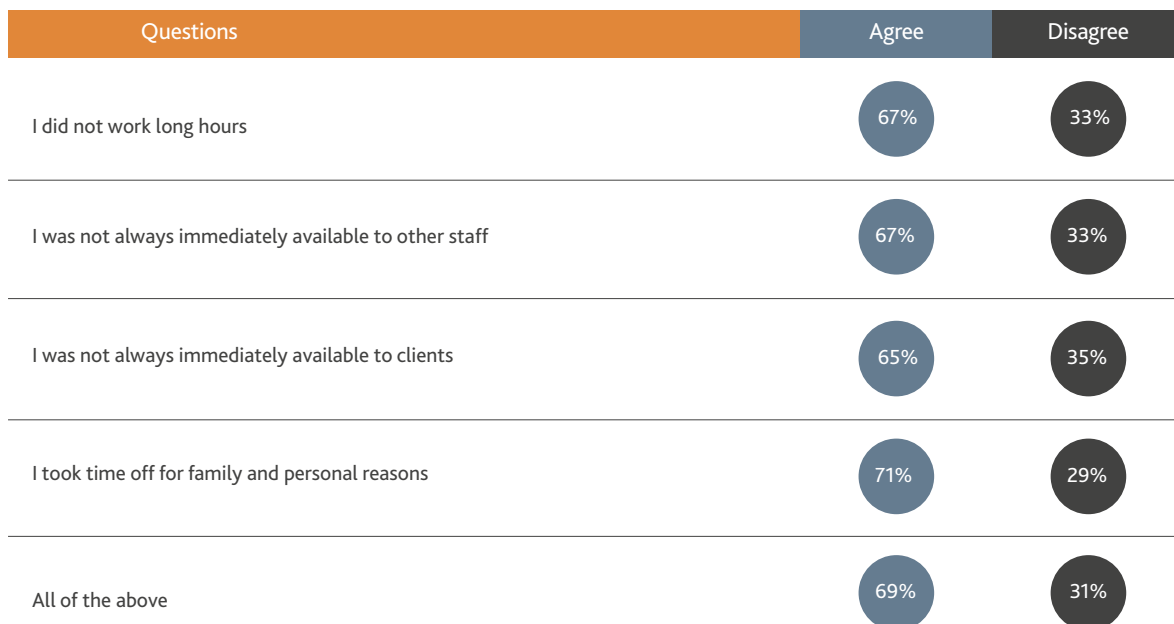
The results indicate that managers create a psychologically safe environment where employees feel valued and respected. At the co-worker level, there is a strong sense of belonging.



EMPLOYEE RETENTION

The questions assessing retention strategies at BDO showed that employees do not have confidence in the processes around performance and promotion. Even though our policies promote flexible working arrangements and work-life balance, women feel that their commitment to BDO would be questioned if they did not work long hours and were not always immediately available to co-workers and clients. They also did not feel comfortable taking time off for family and personal reasons. The lack of work-life balance is cited by research as one of the reasons for women exiting the audit profession.

My commitment to BDO would be questioned if:



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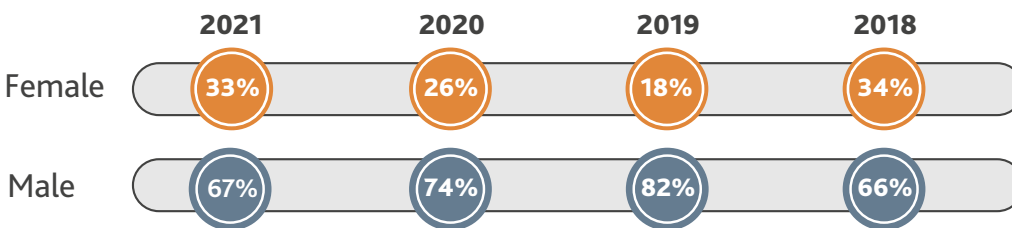
As a result of the survey, several initiatives have been identified that we plan to implement over the next few years to address the issues in question. These include:

- ▶ Confirming leadership commitment by setting gender equality targets and timelines that are aligned with BDO's transformation objectives and employment equity target
- ▶ Increased communication on gender equality and inclusion – internally and externally
- ▶ Address gender bias in policies and employment practices
- ▶ Increase initiatives to support women in senior positions, and all employees' transition to leadership positions
- ▶ Build a strong pipeline for women leadership
- ▶ Wellness initiatives should include providing training to address managing employees in a remote work context and to teach employees how to negotiate the demands of work and personal commitments when working from home
- ▶ Co-ordinate initiatives around social justice, CSI and transformation to ensure we address gender stereotyping
- ▶ Measure and monitor success with respect to the above initiatives

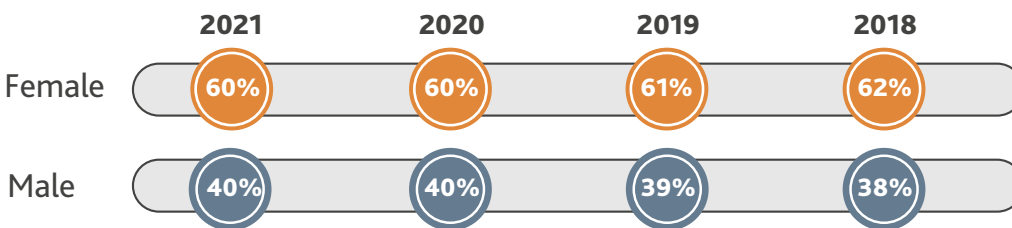
We aim to achieve a workplace where, at every level, BDO women are supported in building relationships and creating well-defined career paths. We want our working environment to be flexible and supportive, as well as professionally rewarding. It is this balanced approach that will help our people achieve their dreams – and ultimately deliver better solutions for our clients.

Diversity

Ownership



Across the firm



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CORPORATE SOCIAL INVESTMENT (CSI)

In a country such as South Africa, with a devastatingly high unemployment rate and many social challenges, it is incumbent upon individuals and companies to provide support to those in need. Engaging our people to become involved in community outreach programmes not only makes a difference in the lives of others, it also enables us to connect with one another.

2020/21 was a challenging year. Most of us have experienced highs and lows due to the pandemic but this didn't stop us from supporting hundreds who were worse off than us. Our passion for doing good did not abate and our CSI initiatives continued, albeit a bit differently and without our physical presence.

Our CSI efforts are undertaken under the auspices of our Evolution Committee, comprising staff in each office. Through Evolution, each of our offices supports a range of local organisations, from collecting food for animal shelters, Christmas presents for under-privileged children, making sandwiches for street children, hosting tea parties for the elderly, collecting warm clothing and blankets, supporting Casual Day, Slipper Day, Movember, Daredevil Run and AIDS Awareness Day, to name a few.

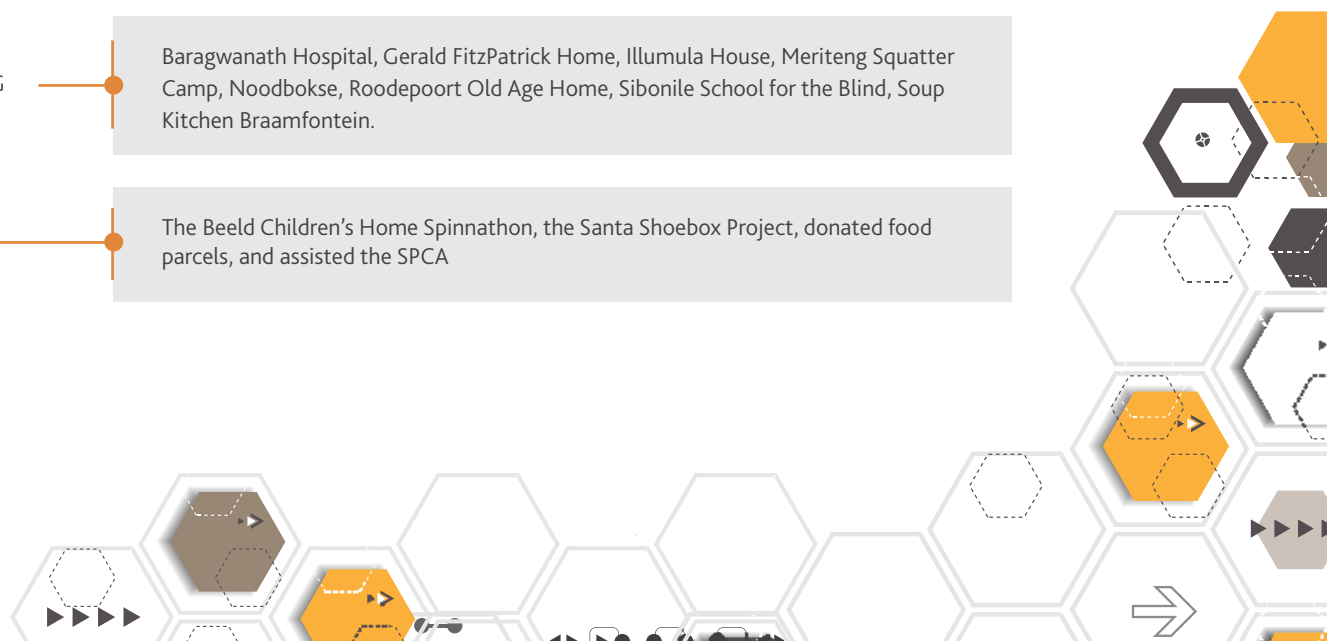
In 2021



Our regional offices supported the following organisations during the years:

| | |
|--------------|---|
| CAPE TOWN | The Haven, CT homeless, Ladles of Love, children's homes, communities affected by the pandemic, the Women for Change virtual race, paid school fees for children, the Santa Shoebox project, blanket drives, LEAP, SPEAR feeding scheme, football kits, masks, sanitisers, gloves, scarves and schoolbags for learners, Belhar Scouts, and feeding schemes. |
| DURBAN | Various Covid-19 initiatives and provided grocery vouchers to Haven of Rest. |
| GQEBERHA | Donations to Love Story and through the Investec Mountain Bike Challenge we raised money for Soul Food. |
| JOHANNESBURG | Baragwanath Hospital, Gerald FitzPatrick Home, Illumula House, Meriteng Squatter Camp, Noodbokse, Roodepoort Old Age Home, Sibonile School for the Blind, Soup Kitchen Braamfontein. |
| PRETORIA | The Beeld Children's Home Spinnathon, the Santa Shoebox Project, donated food parcels, and assisted the SPCA |

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SUSTAINABILITY

BDO is serious about the sustainability of our business, our profession and the economic success of South Africa.

We recognise that we earn our social licence to operate by contributing to this country and by encouraging as broad a participation in the economy as possible.

We also understand our place and work in South Africa is strongly connected to the global economy, and that our long-term resilience will be guided by our ability to create lasting value for all our stakeholders. In this section of the report, we outline the environmental, social and governance (ESG) aspects of our business, and the impact we want to create on our communities and the environment.

Our approach to sustainability is underpinned by our commitment to our Code of Ethics and our Values, and all staff complete an annual declaration to state their compliance. We have adopted the IESBA Code, the IRBA Code and the SAICA Code as the ethical requirements. We have a zero-tolerance policy for transgressions to and or breaches of the Code. We also provide mechanisms for raising concerns and transgressions through our Ethics and Compliance Hotline.

You can read more about the content of our Values on page 7 of this report.

Our ESG approach covers:

- ▶ ethical business practices
- ▶ effective governance
- ▶ workforce wellness
- ▶ staff development and training
- ▶ diversity and inclusion
- ▶ employee engagement and retention
- ▶ digitalisation and cybersecurity
- ▶ data protection.

OUR COMMITMENTS TO EFFECTIVE GOVERNANCE

Effective governance means doing business the right way. For BDO, this is not an abstract principle or philosophical commitment, but something we openly and publicly challenge our people and our peers on through our work on Clarity and our determination to take the audit, tax and advisory professions forward.

The ethics and compliance hotline

Although we encourage transparent communication between staff and their managers, we also maintain a whistle-blower programme that allows for anonymous reporting on any potential ethical violations, including:

- ▶ breaching our Code of Conduct
- ▶ non-compliance to our policies
- ▶ financial fraud
- ▶ racism and discrimination of any kind
- ▶ unethical behaviour.

All allegations are thoroughly investigated by our compliance team.

Our whistle-blower programme is overseen by EXCO, who receive regular reports from our head of compliance on the number and nature of issues raised and the progress of all material investigations.

Data protection

We regularly assess and meet a broad range of security controls, including data security, against industry. Among our most important assets is the trust and confidence that is placed in BDO to properly handle personal information of our clients, employees, and business partners. As such we have developed Data Privacy Policies and Guidelines to ensure data privacy and protection. These policies have been communicated to all partners, directors and employees and will continue to be regularly reinforced through various means.

Our staff are required to comply with the principles of our Data Privacy Policies which ensure that all applicable data privacy laws, namely POPIA and GDPR, are met. Data privacy obligations are also included in our Terms and Conditions and Engagement letters.

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Information security

We continue to focus on managing information security risk to ensure that our business mitigates the latest security threats and that we are prepared to detect and respond to cyber-incidents. Our Information Security Policy is aligned to industry best practice standards to ensure that our systems, processes and procedures keep our information secured.

As 2020 was a year of mostly remote working, it has become even more essential to ensure that our information security protocols and protections are effective. In an environment where the IT network perimeter no longer ends at the front door but extends to homes across the country, the safety and security of our data and networks is even more of a business imperative.

Employees across our business receive cybersecurity awareness training, and we conduct regular cyber assessments, including vulnerability and penetration testing. Advanced cybersecurity solutions and processes have also been implemented to ensure that we are well equipped to protect BDO within the context of an increasingly sophisticated and ever-shifting cyber threat landscape.

OUR COMMITMENTS TO THE COMMUNITIES WE WORK IN

BDO Evolution

BDO Evolution is our CSI programme. We are committed to invest in the development and empowerment of children as well as the upliftment of the underprivileged in our communities to make a brighter future possible for all South Africans. In 2020, we raised a total of R82 630 through individual contributions of BDO staff for charitable organisations that we support. Staff also donated blankets for our annual blanket drive and food for food hampers.

Investing in the youth

The YES programme

Because youth unemployment is a persistent challenge in South Africa, BDO invests in the skills and employability of our youth through the YES (Youth Employment Service) programme and by providing bursaries to deserving and talented students. The YES 12-month programme equips unemployed youth with a toolkit that gives them a greater chance of securing permanent employment after the programme is completed.

Unfortunately, due to the uncertainty created by the Covid-19 lockdown in 2020, we were unable to take on any YES interns in 2020 but have taken on 25 interns for the 2021 calendar year.

Bursaries

BDO offers deserving students annual bursaries. In 2020 we invested a total of R138 593 for studies in the following courses:

- ▶ Bachelor Business Science
- ▶ CTA – Certificate in the Theory of Accounting
- ▶ Advanced Diploma in Accounting Science

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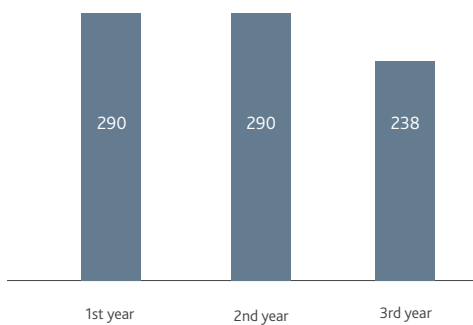
Our Traineeship Programme

Annually, we recruit accounting graduates to participate in the South African Institute of Chartered Accountants (SAICA) and South African Institute of Professional Accountants (SAIPA) programmes. The trainees are awarded a 36-month training contract. The SAICA trainees are given the opportunity to learn all the required SAICA skill sets to pass the APC qualification to become a registered Chartered Accountant. The SAIPA trainees are upskilled to enable them to pass the SAIPA Professional Evaluation (PE) Examination.

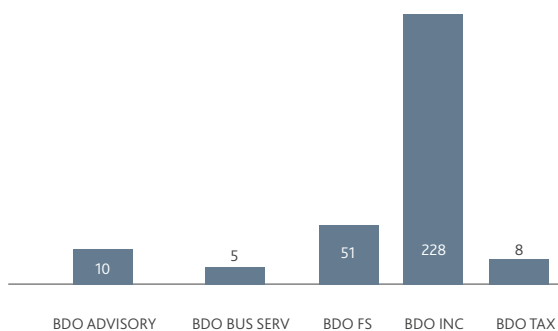
Audit trainees are given the chance to work in various industry sectors and on various categories of clients, with management’s support.

TRAINEESHIP PROGRAM

Trainee View as at 31 March 2021
818 Trainees Nationally across service lines



Trainee Intake
Period 1 January 2020 - 31 December 2020



OUR COMMITMENTS TO THE ENVIRONMENT

We continue to invest in digital transformation which supports our desire for environmental efficiency and our goal of becoming a paperless environment.

In the previous financial year, we conducted an assessment of our print volumes and have kicked off a project to significantly reduce our print volumes by introducing tools to enable e-signatures and by introducing platforms that enable the sharing of documents for collaboration and review.

During the national lockdown, we realised that many of our staff can maintain high productivity levels when working remotely. We are committed to making a blended work environment a reality in the future. We see this as an ideal opportunity to reduce our environmental impact. Enabling remote working for a large portion of our workforce will have many positive environmental impacts including:

- ▶ reduced green-house gas emissions and reduced fossil fuel consumption due to less commuting
- ▶ reduced paper consumption
- ▶ improved air quality
- ▶ reduced paper and plastic consumption.

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RISK MANAGEMENT

BDO in South Africa has an established National Risk Management Committee (NRC) that is responsible for ensuring that BDO SA adheres to good corporate governance principles (including enterprise-wide risk management), achieves regulatory compliance and protects the assets and the reputation of BDO SA through risk management and quality control processes.

This committee ensures that processes are in place that look at the broad areas of Governance and Enterprise Wide Risk Management while addressing the succession planning of key risk positions within BDO SA and liaising with BDO International on relevant risk matters.

NATIONAL RISK MANAGEMENT COMMITTEE (NRC)

2021 members

National Head of Risk Management: Keith Bowman (Chair)

National Head of Compliance: Japie Schoeman

National Head of Audit and Assurance Quality Management: Christel Pretorius

Regional office risk partners

Cape Town: Keith Bowman

Durban: Ahmed Timol

Johannesburg: Garron Chaitowitz

Pretoria: Tinus Jansen van Vuuren

Gqeberha: Mark Willimott

Responsibilities and duties

The primary responsibility of the NRC is to oversee and approve the company-wide risk management practices to assist the EXCO in the following:

- ▶ Overseeing that the executive team has identified and assessed all the risks that the organisation faces and has established a risk management infrastructure capable of addressing those risks
- ▶ Overseeing, in conjunction with other oversight committees, risks such as strategic, financial, IT, legal, regulatory, reputational, and other risks
- ▶ Overseeing the division of risk-related responsibilities to each committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed
- ▶ Approving the company's enterprise-wide risk management framework

In carrying out its duties and responsibilities, the NRC has the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

During the year we reviewed and refreshed our assessment of the risks facing the firm including those which could result in loss, damage to reputation and failure to deliver an exceptional client service.

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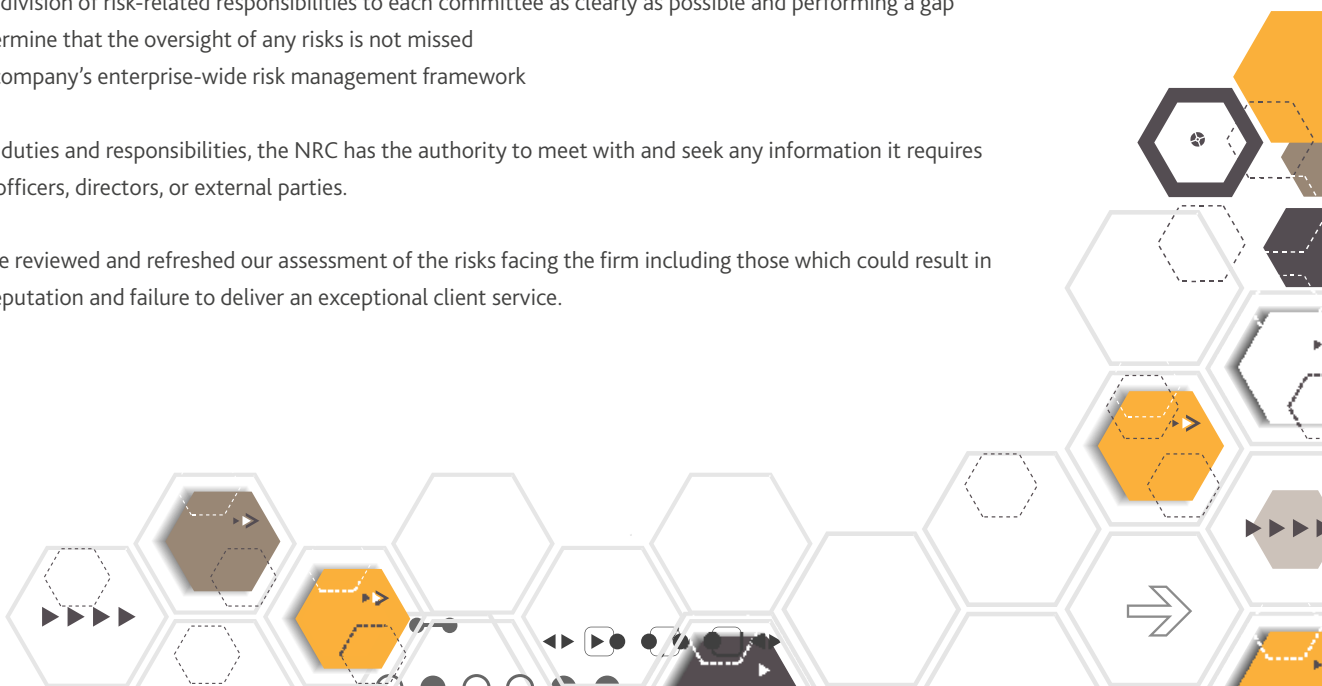
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PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and responses faced by our business are summarised below:

Covid-19 health and safety risks

At the time of publishing our previous report, the Covid-19 pandemic had already led Government to place South Africa under a strict lockdown. Since that time, the country has experienced a second wave of infections from November 2020 to January 2021 with consequences that were significantly more severe than the first wave.

The pandemic has challenged us to balance the business imperative of ensuring productivity with the human imperative of ensuring safety. Our goal here is and will always be to provide a working environment for our people that is safe, focusing on keeping them physically and mentally healthy.

In response to this risk we have:

- ▶ updated and overhauled our remote working policies and capabilities, encouraging all staff to work from home if they can.
- ▶ installed infection control facilities at all our operations like hand sanitisers, masks and reminders to be physically distanced.

Under the lower levels of lockdown, a return to the workplace is permitted up to 50% capacity. We have consistently hit our 50% capacity limit each day, suggesting that our people see the value of in-person collaboration within the limits of what is safe. To this end, we ensure that our staff are adequately equipped to work remotely within a safe environment.

Business continuity risks

Covid-19 has impacted the movement of goods and people both within and across borders, affecting every industry in the world to some extent. While good risk strategies do consider fat-tail risks in their scenario planning, many businesses have been unable to manage all the unknowns associated with the virus.

In response to this risk, BDO has used technology as an enabler to keep the business going. We have an established ICT Steering Committee with representation from the National Risk Committee.

Our investments into technological capabilities allowed our ICT team, through the Global Client Portal, to mobilise our workforce to deliver their work from home with minimal business interruption. This was done in a way that maintained the firm's information security protocols and safeguarded all information, services and client engagements.

Our ability to adapt to and mitigate the increasing risks associated with technology remains a priority going forward.

Quality

Auditing and professional services businesses have been challenged to self-regulate more effectively in the light of recent scandals. This is not only a South African phenomenon, but it does call for firms to carefully mitigate any risk of engaging with inappropriate clients, delivering inadequate services and the possibility of future litigation or damage to reputation.

BDO has comprehensive and well-established internal quality and compliance procedures, as well as support teams to address the risks of audit quality failure, including:

- ▶ rigorous client engagement and acceptance processes.
- ▶ using methodologies and tools as prescribed by our regulatory authorities (SAICA, IRBA, IESBA, FSCA).
- ▶ access to specialist staff within the BDO network of firms.
- ▶ performing rigorous internal engagement quality reviews.
- ▶ monitoring and reviewing KPIs as set by our EXCO.

BDO supports efforts like Mandatory Audit Firm Rotation to help reduce audit concentration and strengthen internal governance.

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People and talent

In line with the previous year report, the 2021 Risk Report issued by the Institute of Risk Management SA identifies a dwindling leadership and lack of leaders who are both visionaries and ethically minded as among the top risks for South Africa in the public and private sectors. BDO continues to monitor and address this risk by attracting and retaining top performing staff within the organisation. This includes:

- ▶ having a dedicated presence at universities and career forums
- ▶ conducting regular engagement surveys and acting on areas of concern
- ▶ building our teams' capacities through management development programmes
- ▶ offering regular wellness counselling through our in-house psychologists.

Public perception and reputation

BDO in South Africa recognises the impact of failing to respond transparently to issues raised by the current environment, including adverse media coverage, which can impact the firm's reputation. There is a possibility that even with our rigorous client acceptance and media monitoring processes in place, the firm can be associated with a client or individual that can harm the firm's reputation.

To mitigate these risks, BDO drives a strong culture of integrity through our Clarity brand positioning, our refreshed values, and our public commitment to taking the audit and advisory professions forward in an ethical and transparent manner.

Regulatory compliance

The audit profession in South Africa is under increasing regulatory scrutiny and pressure. Due to our size, recent merger activities and range of services we offer, there is the possibility that the firm could on occasion be engaging with different parties in a way that could threaten our objectivity and confidentiality. To support our regulatory compliance efforts, we have split the Risk Management and Compliance functions and in doing so, each area has the dedicated focus and resources needed to mitigate risk. The firm has:

- ▶ independence and conflict checks built into the client onboarding, engagement and acceptance
- ▶ annual independence declarations that all staff complete
- ▶ clear policies, procedures and guidance internally and within the BDO network of firms
- ▶ ethics training and workshops to enhance our understanding and compliance with ethical and regulatory matters.

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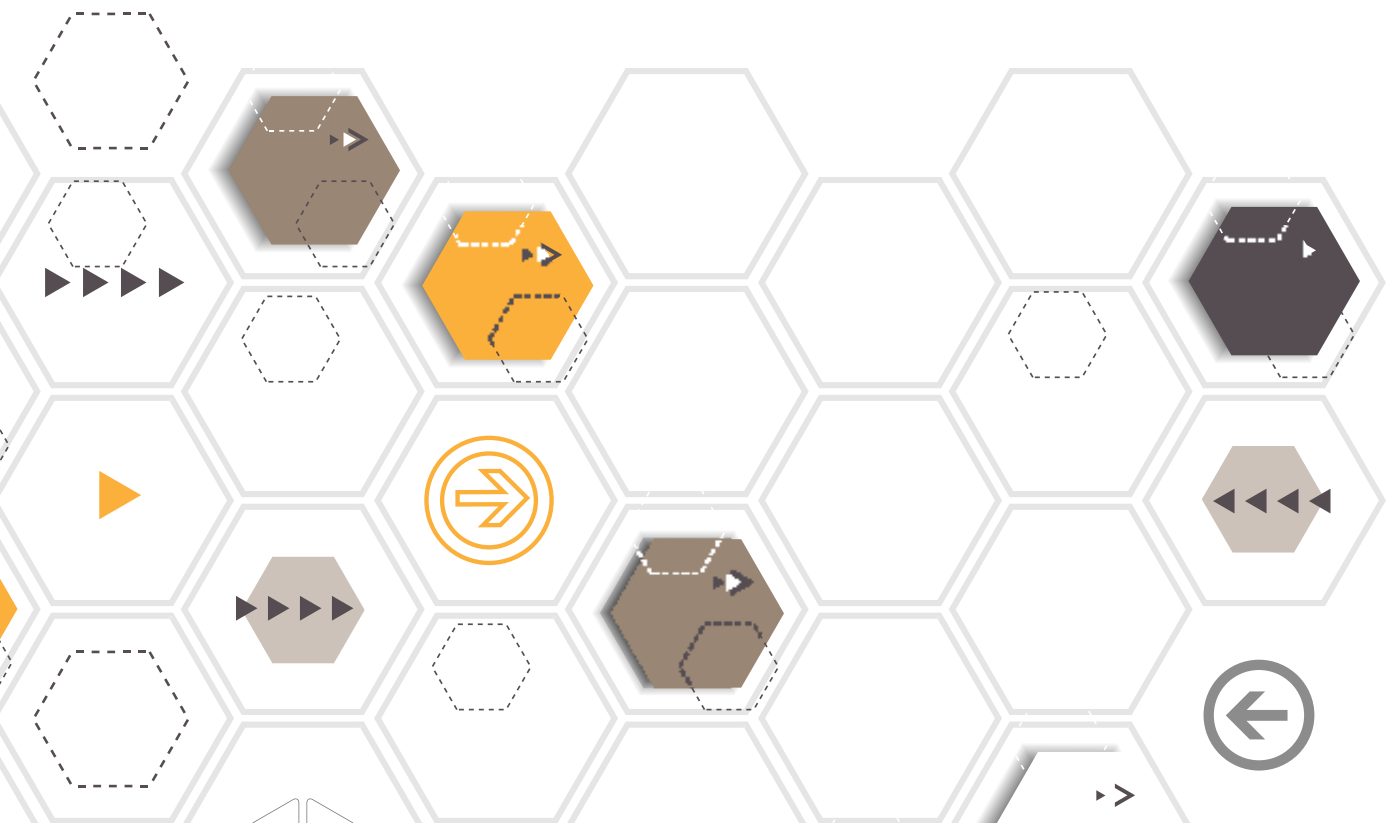
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RISK AND THE SOUTH AFRICAN LANDSCAPE

BDO continues to remain exposed to an ever-increasing number of risks due to continuous changes in the legislative environment as well as the rapid changing economic landscape.

With the evolving risks that we are exposed to, enterprise-wide risk management remains a key focus to ensure that BDO is equipped with the necessary tools to adequately identify and respond to current and potential risks.

The table below shows the top country risks identified in the 2020/2021 Institute of Risk Management Risk Report, divided into risks that have improved over the last five years and those that have deteriorated.

Source: <https://files.irmsa-techlibrary.org.za/riskreport2020/>

| Risk | Risk movement over the last 5 years | 2020/2021 movement |
|---|-------------------------------------|--|
| 1) Sparseness of unified ethical and visionary leadership | Risk increase | Ineffective risk responses and an increasing risk |
| 2) Continuing private and public governance failures | Risk increase | Ineffective risk responses and an increasing risk |
| 3) Failure to root out deeply entrenched corruption | Risk decrease | Ineffective risk responses and an increasing risk |
| 4) Changes in legislation and regulations | Risk increase | Ineffective risk responses and an increasing risk |
| 5) Ill-conceived NHI policy and/or sub-optimal implementation | New risk identified in 2020/2021 | Ineffective risk responses and an increasing risk |
| 6) Ill-conceived land reform policy and/or sub-optimal implementation | New risk identified in 2020/2021 | Ineffective risk responses and an increasing risk |
| 7) Failure to develop, attract and/or retain talent | Risk increase | Ineffective risk responses and an increasing risk |
| 8) Extreme weather events, natural disasters, and climate change | Risk increase 2021 | Ineffective risk responses and an increasing risk |
| 9) Insufficient electricity and/or energy | Risk increase | Ineffective risk responses and an increasing risk |
| 10) Disruptive technologies | Risk increase | Ineffective risk responses and an increasing risk |
| 11) Cyber-attacks, data fraud and data theft | Risk has remained stable | Risk responses are not having an impact on the risk either because of a time element or due to the effectiveness of the risks as they become more frequent, more sophisticated and more successful |
| 12) Failure, delay and/or sub-optimal implementation of economic reform initiatives | Risk increase | Ineffective risk responses and an increasing risk |

Our risk management team has identified risks that directly affect our organisation and work continuously to improve the risk management process.

As part of the risk management process, the risk management team focuses on identifying the likelihood and impact of risks and implementing and ensuring that mitigating policies and procedures are put in place.

We continue to strengthen our risk management capabilities through actively using the BDO Global Risk Management network, which includes guidance in the form of manuals, policies and frameworks.

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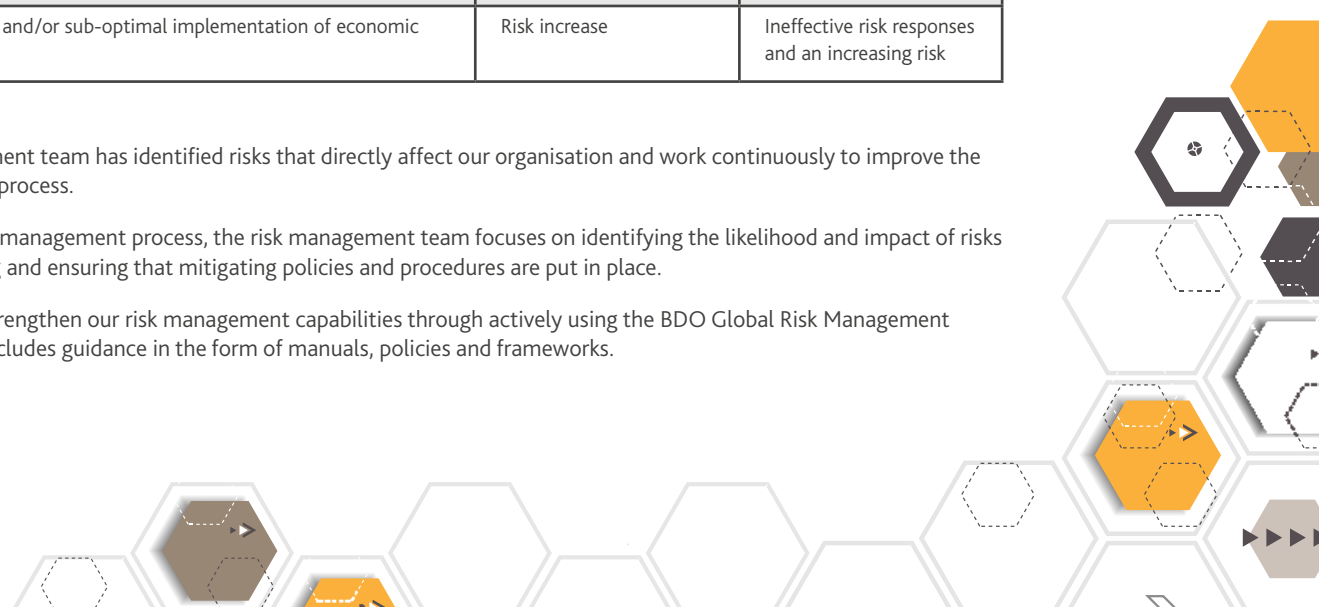
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ETHICS AND COMPLIANCE

We are dedicated to upholding the highest standards of ethics and compliance in accordance with both internal policies and external laws and regulations. All our partners, directors and employees are expected to uphold the highest degree of ethical, legal, and professional conduct.

LEADING FROM THE TOP

Our leadership fosters a culture that embraces high standards in independence and professional ethics. We embed this culture through detailed policies on matters such as ethical behaviour and engagement performance. Our leaders also frequently and consistently communicate the firm's purpose and values.

ETHICS

BDO in South Africa has adopted the IRBA Code and the SAICA Code as the authoritative reference point for all matters dealing with ethics in carrying out audit services as well as non-audit services. The IRBA Code and SAICA Code are consistent in matters regarding ethics with the International Ethics Standards Board for Accountants (IESBA) Code.

In addition, every BDO employee is responsible for consistently following BDO's Code of Conduct and policies and procedures, and for choosing the right course of action if faced with an ethical workplace dilemma. All staff members must complete an annual declaration to confirm their compliance with the member firm's Code of Conduct, policies and procedures and BDO values.

Our policies and procedures govern the actions and working relationships of our partners, directors and employees with current and potential clients, fellow employees, competitors, government and regulatory agencies, the public, the media and anyone else with whom we have or may have contact.

Compliance with these policies and procedures are conditions of employment and partnership with BDO in South Africa, and failure to adhere to its provisions may result in disciplinary action, including termination of service or employment.

During the past financial year, four incidents were reported to our Ethics and Compliance Hotline and subsequently addressed. No material issues were identified or no one was found guilty of breaching or committing an offence.

INDEPENDENCE

Independence is the foundation of a quality audit and the baseline for confidence in the capital markets. It's at the core of our profession and built into every action our professionals take, or don't take. It's also an essential part of our policies and procedures so that we can ensure each professional is free from outside influences or conflicts in performing services and reaching audit opinions.

Our experienced team of dedicated professionals helps our leadership, partners and engagement teams understand, implement and comply with independence requirements and work toward enhancing system capabilities in performing complex conflict checks across our global network.

They are responsible to monitor the propriety of employee investing activity to prevent and detect independence issues and conduct independent audits and other compliance processes in line with the firm's policies and procedures.

A list of restricted entities (local and global clients) in which no employee of the firm may invest, is available on our intranet accessible to all employees to guide them in their investment decisions. In all cases where the firm takes on a new client or client base through a merger or acquisition and an employee owns shares in such an entity, the disposal of such shares is required.

Delivering non-audit services to audit clients

We comply with all relevant Codes of Professional Conduct and the requirements of the Companies Act of South Africa, as well as our own independence policies.

All non-audit work goes through the firm's client acceptance process from where the proposed services are assessed for independence and conflict of interest by National Compliance in conjunction with the engagement partner.

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Confirmations

Our employees are all required to confirm their compliance with BDO's independence policies and procedures when they join the firm and annually thereafter.

The confirmation is used to evidence the individual's understanding of our policies and procedures in relation to independence and conflict of interest matters and that they have complied with these policies and procedures.

Our National Compliance team reviews the responses to the annual declaration process to identify, follow up and resolve possible conflicts, conflicts of interest or independence issues.

Monitoring

BDO's monitoring of ethics includes:

- ▶ An investigation of all exceptions identified through the firm's annual independence declarations process
- ▶ Through the firm's quality assurance review process:
 - a review of compliance with our policies in relation to partner rotation; and
 - a review of independence questionnaires completed on audit engagements.

The monitoring of compliance is a continuous process. The firm has a help desk through which employees can ask for guidance on any independence issues encountered.

Conflicts of interest

Conflicts of interest may prevent us from accepting a client or an engagement. It is the responsibility of our partners to identify possible conflicts and ensure that any such conflicts can be properly managed before an engagement is accepted.

Before accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential conflicts of interest and threats to our independence.

Procedures include:

- ▶ A custom-developed web-based tool to facilitate local and international conflict of interest and independence checks throughout the BDO network
- ▶ An independence declaration per audit engagement signed or confirmed by email by all partners and staff members who are involved in the performance of the audit engagement
- ▶ A database of all our restricted entities, including listed companies and other public interest entities (PIEs). This is available to all staff on our intranet and its objective is to prevent the performance of prohibited non-assurance services or investment in these entities. The database is continuously updated

We also have a disciplinary structure in place to determine the appropriate sanction for any professional who violates the independence rules and firm policies and procedures. We have two committees to assess client acceptance:

- ▶ Independence committee
- ▶ Public sector independence committee

These committees investigate all contentious and borderline independence matters, conflicts of interest and reputational client acceptance/client re-acceptance issues, and advise the engaging partner/directors on whether to continue with the process or terminate the process/relationship.

Our compliance team further remains focused on adhering to partner rotation rules and protocols. When needed, they assist engagement partners and the Head of Audit to prepare clients for transition of engagement.

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A SPOTLIGHT ON AUDIT

Auditing in uncertain times

Auditors are used to working at client premises and remote working in our environment was unheard of. Covid-19 arrived in South Africa in March 2020 and we were forced to relook our approach. We formed a Covid-19 task team which addressed the immediate needs of being able to work remotely. Remote connectivity was arranged for all audit staff and the BDO Global portal was used in many instances as the platform for the transfer of documents.

Platforms such as Microsoft Teams and Skype for Business were not new to BDO, however they became our primary channels to communicate with clients and staff. Working remotely did affect the “on the job” training received by our trainees and additional practical training sessions were set up.

Auditing in uncertain times does bring additional audit risks. Our technical teams responded by considering these risks and introducing further mandatory consultations to support the audit teams.

Remote working for an extended period has also had an impact on the wellbeing of our audit staff. Our Employee Wellness Practitioner was instrumental in hosting sessions to equip our staff with the tools to cope with the many different challenges we faced during the year.

We retained our full staff complement during the Covid-19 lockdown and continued paying their full salaries. We reviewed all our operational costs and non-essential operational costs were significantly reduced.

With an increased focus on working digitally, we were able to reach out to more BDO member firms and interact with our international colleagues more often and at reduced costs. Our first BDO Global conference for all partners and directors was held on a digital platform and this allowed more of our partners and directors to participate in the event.

We were fortunate to onboard several new clients with whom we were able to communicate via our digital platforms prior to being appointed as the auditors. Presentations to audit committees and boards of new and existing clients took place on MS Teams from the safety and comfort of our homes.

One year on and reflecting on the 12 months past, the challenges have made us resilient and more confident to challenge the status quo.

AUDIT CLIENT ACCEPTANCE AND CONTINUANCE

Audit quality relies on ensuring that we associate only with highly ethical clients to whom we can provide exceptional service. Our objective is to be selective in our professional relationships.

Our policies and procedures also provide the firm with reasonable assurance that we will undertake or continue only those engagements where the firm:

- ▶ has the competencies to perform the engagement and has the capabilities, including time and resources, to do so;
- ▶ can comply with legal and ethical requirements; and
- ▶ has considered the risks associated with providing professional services in particular circumstances, including the integrity of the client.

Acceptance of all new audit clients is subject to the stringent BDO client on-boarding process. All continuing relationships with clients are evaluated annually (or more frequently when certain conditions exist).

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LONG ASSOCIATION WITH THE AUDIT ENGAGEMENT

Our policies are in accordance with the IRBA Code of Professional Conduct for Registered Auditors which is based on the IESBA Code, and the Companies Act of South Africa, which stipulate that:

- ▶ The audit partner rotates after five years if the client:
 - is a listed entity
 - is a public interest entity (PIE)
 - is an unlisted entity with a PI score greater than 350
 - is an unlisted entity with a PI score between 100 and 350 that prepares its Annual Financial Statements (AFS) internally or requires an audit in terms of the Memorandum of Incorporation
- ▶ Audit teams are required to plan the rotation of other partners and senior staff involved in the audit to achieve a gradual rotation to preserve audit quality
- ▶ The individual appointed as responsible for the engagement quality control review (EQCR) or any other key audit partner on a PIE engagement, or an individual acting in a combination of roles as audit partner, EQCR and other key audit partner on PIE engagements, can only serve in these roles for a maximum of seven years. Thereafter an appropriate "cooling-off" period applies

All other audits that are not subject to a five-year rotation as per the Companies Act of South Africa are also considered for long association threats on an ad hoc basis.

Rotation in relation to PIEs and other listed audit entities is monitored by the Head of Audit and Head of Compliance.

MANDATORY AUDIT FIRM ROTATION

An audit firm, including a network firm as defined in the IRBA Code of Professional Conduct for Registered Auditors, shall not serve as the appointed auditor of a public interest entity (as set out in section 400.8 to R400.8bSA of the revised IRBA Code) for more than 10 consecutive financial years. This rule is effective for financial years commencing on or after 1 April 2023.

We will be monitoring our length of service with all PIEs to ensure that we do not accept any appointment which is beyond the maximum period of 10 years.

ENGAGEMENT PERFORMANCE

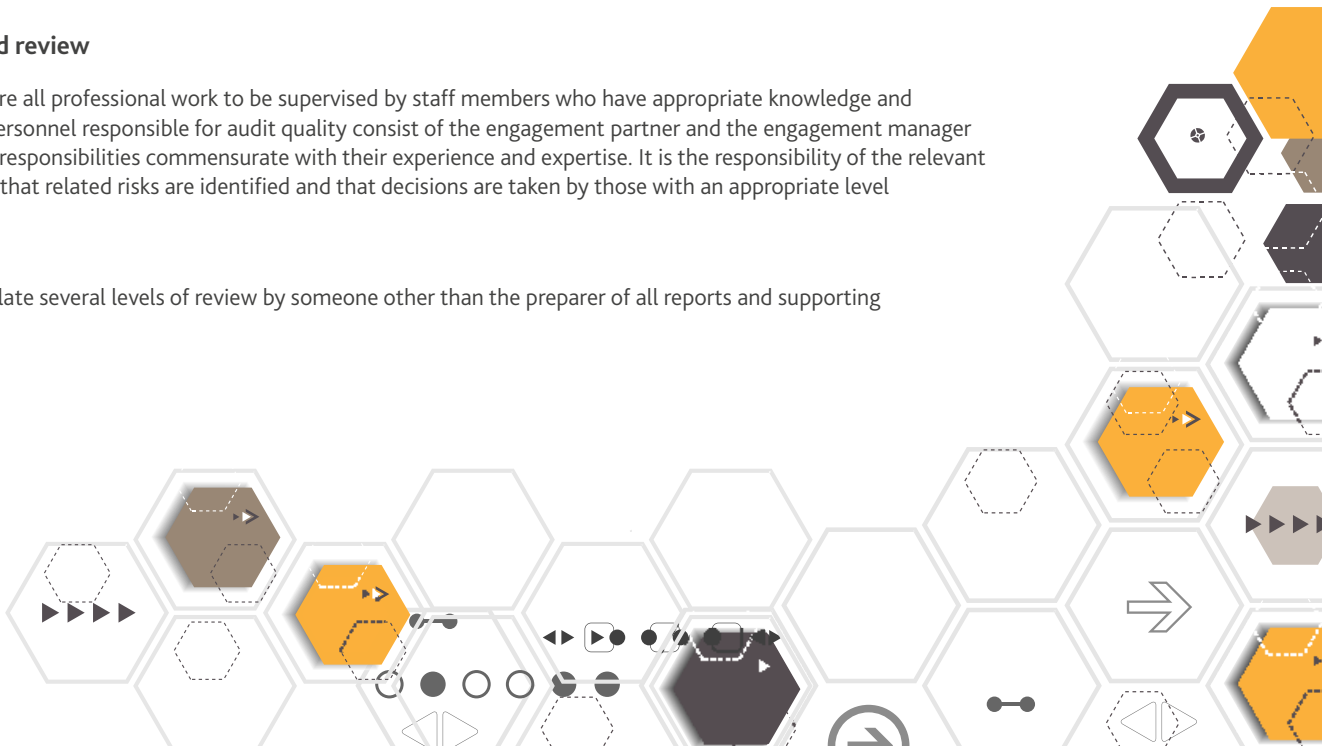
Assembling the right engagement team

Our clients expect a skilled team that works with them effortlessly. We therefore aim to assemble the right level of experience and knowledge, in the right locations at the right time. But to do so requires equal parts of art and science. The science comes in the precision of insights, driven by data and technical analysis and in the automation of routine administrative tasks. The art comes in the collaboration, judgement, communication and consistency that bring those insights to light and help the client manage risk and ensure compliance.

Supervision and review

Our policies require all professional work to be supervised by staff members who have appropriate knowledge and experience. The personnel responsible for audit quality consist of the engagement partner and the engagement manager who are assigned responsibilities commensurate with their experience and expertise. It is the responsibility of the relevant partner to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority.

Our policies stipulate several levels of review by someone other than the preparer of all reports and supporting working papers.



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In addition, Engagement Quality Control Reviews (EQCRs) are performed by designated partners for audits of listed companies and other identified high-risk audits. EQCRs entail:

- ▶ discussion of significant matters with the audit engagement partner
- ▶ review of the financial statements (including disclosures) and the auditor’s report
- ▶ review of selected working papers related to significant risk areas
- ▶ evaluation of the conclusions reached by the engagement team in formulating the auditor’s report.

The relevant partner must also ensure that professional work is carried out efficiently, with appropriate scepticism, and that it meets BDO in South Africa’s standards in all respects.

Use of specialists

BDO in South Africa’s business structure provides audit professionals ready access to technical specialists. All listed entities’ financial statements are subject to a review to ensure compliance with IFRS, JSE, King IV and the Companies Act. There are several situations in which audit teams bring in the firm’s specialists:

- ▶ Information system specialists: Help evaluate the effectiveness of IT controls and the degree of assurance to be placed on those controls
- ▶ Income tax specialists: Review aspects of the audit that involve complex income tax provisions and accruals
- ▶ Income tax specialists: Review aspects of the audit that involve complex income tax provisions and accruals
- ▶ Consulting valuation specialists: Review fair value calculations associated with significant business combinations, investments, goodwill, share options, and complex valuation
- ▶ International and financial reporting standards (IFRS) and audit technical specialists: Support the audit teams in relation to any IFRS and audit methodology related matters.

Professional scepticism

It is the responsibility of every BDO auditor to demonstrate professional scepticism and to take an unbiased approach that focuses on evaluating the facts, seeking the truth, standing firm in the face of adversity, and bringing clients the right answers through the right services. To fulfil our responsibilities as auditors and deliver on our intent every day, we embrace professional scepticism in everything we do and are ready to address every expectation of regulators, boards of directors, the auditing profession, and ultimately, ourselves.

Furthermore, we require any staff responding to assessed risks of material misstatements due to fraud to demonstrate an increased sensitivity in determining the nature and extent of documentation to be examined in support of material transactions.

We tailor our audit procedures to address identified risks, and our working papers are prepared to clearly document our thought processes, procedures performed, evidence gathered, and conclusions reached.

Consultation

Consultation and collaboration are deeply rooted in the culture of BDO in South Africa. Our policies and procedures for consultation are designed to provide reasonable assurance that auditors will seek assistance on accounting and auditing questions, to the extent required, from persons having appropriate levels of knowledge, competence, judgement and authority. It is essential that our staff consult with experienced partners and other technical specialists within the firm when problems or novel situations arise. During the Covid-19 lockdown, due to the impact on the economy and business, we introduced additional mandatory consultations on certain audit areas impacted by the lockdown.

Audit quality management

During the year we appointed a Head of Audit and Assurance Quality Management who has operational responsibility for the firm’s system of quality management to support the consistent performance of quality audit engagements and to provide reasonable assurance that professional standards and applicable legal and regulatory requirements are being met and that engagement reports issued are appropriate in the circumstances.

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INSPECTION INSIGHTS

We view internal and external inspections as an opportunity to gain meaningful insight to inform timely improvements and reinforcement of our audit guidance, tools, policies and procedures and enhance our overall system of quality control.

Internal monitoring

Quality control review

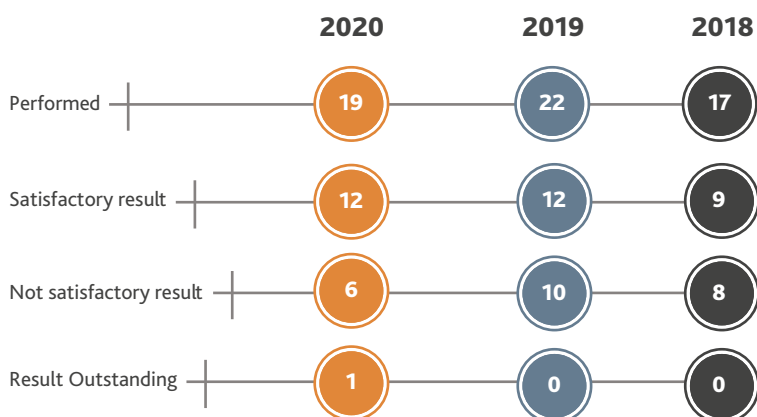
Our quality control system includes an annual internal quality control review of our assurance practice by appropriately qualified senior individuals within the firm’s Monitoring and Remediation department, with relevant knowledge and experience reporting directly to the CEO and EXCO. Matters identified are furthermore reported to the National Quality Oversight Committee, National Technical Committee, and the National Head of Audit to ensure that sufficient and appropriate remedial action is taken.

The purpose of these reviews is to monitor compliance with BDO in South Africa’s policies, procedures, and standards and to ensure that the audit work carried out to arrive at an appropriate opinion is appropriately documented and of high quality.

Corrective action is taken to address any deficiencies encountered and, as part of our continuing drive towards excellence in performance, recommendations for improvements are identified and implemented.

- ▶ The review consists of reviewing the working papers and reports of selected assurance engagements and documentation for compliance with our quality control policies and procedures in other areas.
- ▶ We select a sample of engagements to ensure that at least one audit carried out by each audit partner, or responsible individual, is selected for review within a three-year cycle.
- ▶ Where required, appropriate internal specialists are involved in the review process and instructions are issued to the reviewers in advance of the review setting out the objectives of the process, a checklist, appropriate guidance and reporting templates.
- ▶ Once a file inspection has been completed by the BDO Internal Monitoring and Remediation department, the findings and proposed ratings of the file are presented to the National Inspections Outcome Committee for review and deliberations, and finalising an outcome decision which is to be presented to the engagement partner/director.
- ▶ All files that have been inspected by the BDO Internal Monitoring and Remediation department (BDO Internal), BDO Global and the IRBA, will be subject to financial consequences. In instances where a positive outcome was received, rewards will be applied and similarly, where the outcome has been unfavourable, penalties will be applied.

Quality control review results (including re-reviews)



BDO Global quality assurance review

Every member firm within the BDO network is subject to a quality assurance review (QAR) by BDO International at least every three years.

The primary objective of the QARs is to evaluate the quality of the policies and procedures of member firms as well as the quality of the local and referred professional work carried out by them so that the quality of work of all member firms is continually assessed and improved to increase the quality threshold across the network.

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QARs assess compliance with BDO standards and requirements for its engagements, share best practice and experience and provide practical advice and ideas on possible improvements on quality assurance procedures and efficiency.

BDO in South Africa was not subject to a BDO Global Quality assurance review in 2020/21.

Remediation

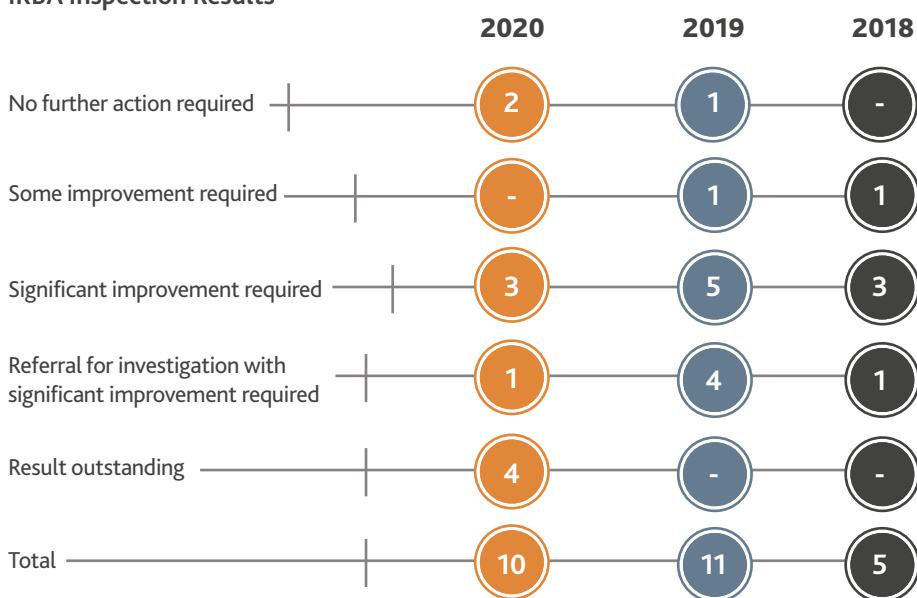
We vigilantly monitor and remediate any issues brought to light during an audit or during the inspection process.

Operationally, we have gained insight from our root cause analysis, monitoring and remediation, as well as from other inputs. This insight has helped us to improve the timing of data collection and procedures to assess whether audit teams are applying tools and guidance in a timely way and to implement changes to learning programmes in time to improve current year audit engagements.

External monitoring

BDO in South Africa is subject to inspections by the IRBA and the Public Company Accounting Oversight Board (PCAOB). These two bodies independently evaluate our quality and their investigations focus mainly on elements of the International Standard on Quality Control (ISQC).

IRBA Inspection Results



The referrals to the IRBA Investigations Department is predominantly as a result of potential material errors in the statement of cash flow

IRBA matter resolved

In 2018, the IRBA Inspections Department referred the firm to the IRBA Investigation Committee in respect of the inspections performed during the 2015 to 2017 years. The reason being the lack of adequate improvement noted in audit engagements inspected in those years. The firm has since then spent many hours appointing independent individuals, changing and refining the roles of leaders versus that of audit engagement partners; and improving its engagement quality review process. The aim was to enhance the oversight over the performance of audit engagements. These changes were also necessitated by the mergers that have taken place in the past two years. Leadership is convinced that these changes will bear fruit in the years ahead. The IRBA Investigating Committee recommended to the Disciplinary Advisory Committee that certain sanctions be imposed on BDO. A consent letter was signed and a fine of R200 000 has been paid.

PCAOB inspection results

BDO in South Africa has not been subject to PCAOB inspection during the reporting period.

Remediation

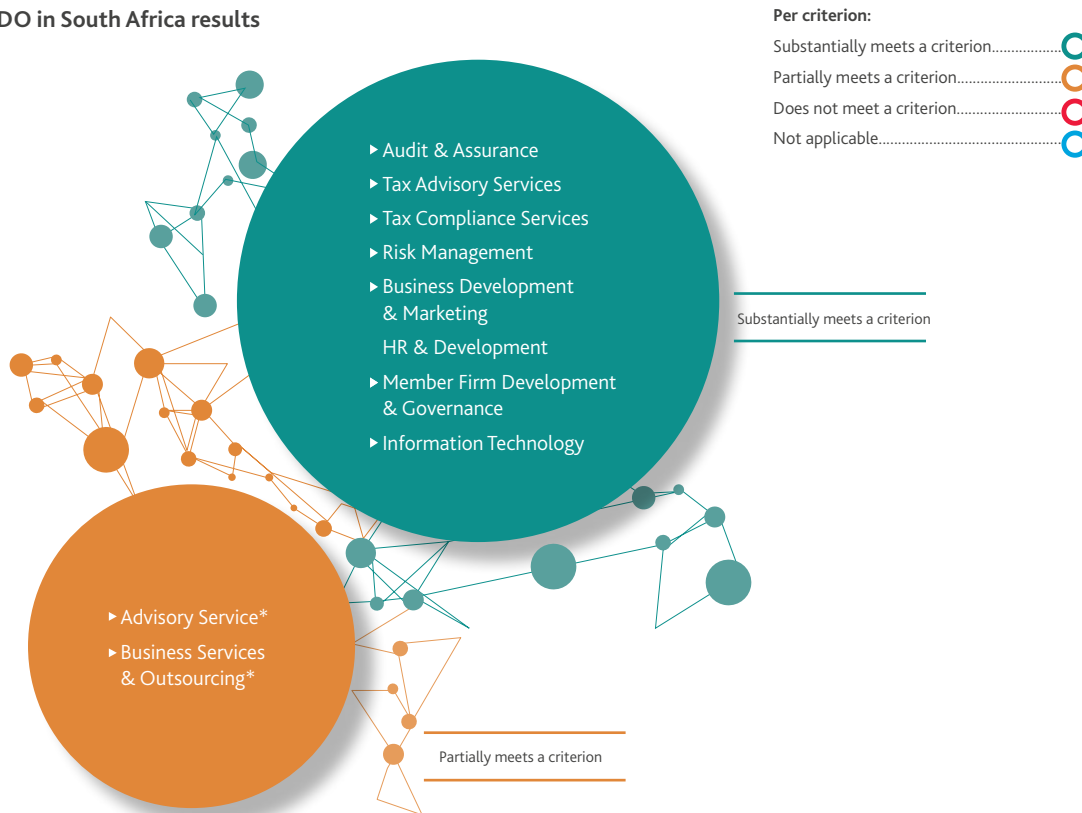
We consider these processes to be a valuable input to our firm’s overall approach to enhancing audit quality. We therefore treat the inspection comments with the utmost seriousness, giving them prompt consideration. We have made, and continue to make, significant enhancements to our audit quality process, including investments in appropriate resources, tools, training and communication, as well as in the design of specific action plans and monitoring of such plans.

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BDO Global Accreditation

As BDO in South Africa was not subject a a BDO Global Accreditation review in 2020/21, our results remain unchanged from 2019/2020 and are set out below.

BDO in South Africa results



* Partial accreditation because of the absence of an internal inspections programme.

INNOVATION

It is one of our strategic objectives to become advisers of the future and optimise our business through leveraging digital assets and technology. We recognise that to compete in a digital world, and to offer clients cutting-edge solutions at scale, that we need to be at the forefront of innovation and disruption.

However, innovation and disruption in assurance is not just about technology. It is about the people, the processes and then the technology.

Digital innovation and disruption are accelerating at an exponential rate and the ability of our practice to adapt to the change and embrace the change is key to our future success.

Emerging technologies such as blockchain, AI, machine learning and predictive analytics are being incorporated into our clients' digital business models and our duty as providers of trust to the public is to adequately respond to the risks that these technologies can pose.

The future of audit requires skill sets that are different to the traditional model and we have already commenced with transforming our assurance offering, maximising the levels of automation, and using data scientists to leverage both structured and unstructured data to the maximum. Through this we will provide our clients with the highest levels of assurance, more efficiently, and with an unrelenting focus on quality.

METHODOLOGIES, TOOLS, AND POLICIES

Our policies and procedures are designed to ensure that the audits we perform meet all applicable professional standards, regulatory requirements and that we issue reports that are appropriate in the circumstances. To achieve this and to promote consistency in the approach to auditing and related fundamental application of professional scepticism throughout the BDO network, BDO International has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Auditing Standards.

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Global Audit Process Tool (APT)

Our Global APT, BDO International’s in-house audit software, remains BDO’s single largest global project and its evolution continues. Our professionals use the APT to devise proper audit procedures and testing based upon applicable auditing standards, as well as to factor in engagement and industry-specific facts and circumstances for all types and sizes of audit engagements.

During the past few years, we have allocated significant time and resources to expanding our APT audit libraries to include additional industry-specific content, and to designing a version of the tool for smaller, less complex audit engagements. This helps our engagement teams focus on risk and audit execution and has resulted in more informed choices regarding alternative audit strategies and the types of testing that are most appropriate to a client’s specific facts and circumstances.

We have heavily invested in enhancements to the next generation of APT to adapt to the audit of the future in terms of scalability, complexity and increasing data mining capabilities. Key benefits include:

- ▶ Project management capabilities
- ▶ Real-time documentation throughout the engagement process
- ▶ Customised industry-specific content
- ▶ An integrated trial-balance manager that automates updates to the workspace when financial statement adjustments are recorded

APT also enables our professionals to leverage business intelligence tools, helping our engagement leaders identify and communicate risks, issues and timely information to our teams and our clients throughout the audit.

BDO Advantage

Our customised automation and data analytics tool, BDO Advantage, combines smart technology with our knowledge and understanding of our clients’ businesses to deliver information for in-depth interpretation. This enables audit staff to efficiently perform trend and transaction analysis on client’s data. Through this, audit teams can:

- ▶ identify any anomalies or exceptions more effectively;
- ▶ filter through large volumes of transactions; and
- ▶ perform more focused audit tests.

It also provides valuable information to the client with regards to the quality of their data, implementation of controls and insights into anomalies or exceptions.

Single-view, BDO Global Portal

Clients rightfully expect a seamless experience when working with BDO teams across the world and this extends to the digital space. Transparency, accessibility and real-time responsiveness are among the defining features of BDO’s Global Portal.

The portal is our clients’ digital gateway to the audit experience, powered by quantitative data and the professional judgement and qualitative assessments of our Assurance leaders. Use of the portal is allowing clients and BDO professionals a more complete view of the status of the client’s audit, the impact of business issues and a secure experience with engagement team members world-wide.

Advanced technology also facilitates improved project management and productivity, through centralised document and records management, automatic language translation and optimised resource allocation. We can use such technology customised to each client’s needs while offering agility, consistency of approach and collaboration. During the Covid-19 lockdown we made extensive use of the BDO portal to facilitate the exchange of information between clients and ourselves.

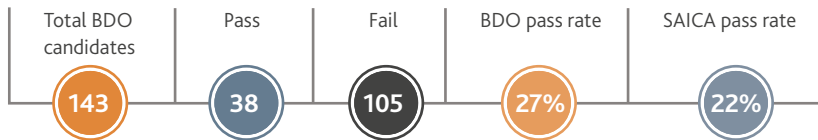


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BUILDING FUTURE AUDIT LEADERS

Initial Test of Competence (ITC)

The Initial Test of Competence (ITC) is the first qualifying examination. It is written after the completion of an accredited CTA programme and is an assessment of core technical competence. To be eligible to write this exam a candidate must hold a CTA that has been accredited by SAICA. This exam is written in January and June each year. However due to Covid-19, the June 2020 exam was written in November 2020.

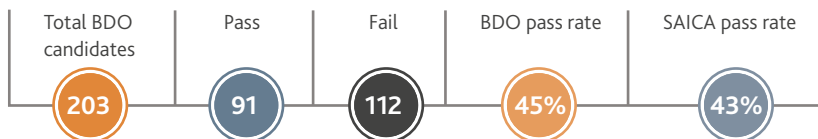


Assessment of Professional Competence (APC) for 2020*

The APC is the second part of the qualifying examination. It assesses professional competence. To be eligible candidates must have passed ITC, completed 20 months of a SAICA registered training contract and successfully completed a professional programme.

Of the 203 candidates who wrote the examination, 91 passed (45% national pass rate), compared to the SAICA national pass rate of 43%.

* The 2020 APC exam was written in December 2020.



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FINANCIAL PERFORMANCE

| Revenue Growth | March 2021 | March 2020 |
|--|----------------|----------------|
| Overall | 14% | 79% |
| Audit | 22% | 114% |
| Advisory | -6% | 65% |
| Tax | -1% | 77% |
| Total Revenue (R'm) | March 2021 | March 2020 |
| | R1 525 billion | R1 330 billion |
| Audit | R813 million | R673 million |
| % Audit to PIE | 48% | 56% |
| % Audit to Non PIE | 52% | 44% |
| Advisory | R318 million | R334 million |
| Non-audit related services as a % of audit fees to high risk audit clients (per IRBA declaration for calendar 2020)* | 2.3% | 3.4% |
| Tax | R160 million | R156 million |
| Other service lines | R234 million | R167 million |

* The numbers used here are non-assurance fees billed to high risk assurance clients and not just listed clients. They are derived directly from the IRBA declarations to ensure that no queries arise from IRBA.

The 2020 financial highlights represent significant growth over 2019 partly as a result of several mergers.

“ Reflecting on one of the most difficult years in our history and that of our country I find myself extremely proud of the firm that we have become and the resilience we have demonstrated to finish the year with growth that exceeded all expectations. At the same time, I am profoundly grateful that we have been able to weather this storm without any retrenchments. ”

~Daniel Botha, Chief Financial Officer

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LISTED PUBLIC INTEREST ENTITIES AUDITED BY BDO IN SOUTH AFRICA IN THE FINANCIAL YEAR ENDED 31 MARCH 2021

| Client |
|--|
| African Media Entertainment Limited |
| Anchor Capital Limited |
| Argent Industrial Limited |
| Arrowhead Limited |
| Balwin Properties Limited |
| Bauba Platinum Limited |
| Bayport Securitisation (RF) Limited (Debt listing) |
| Caledonia Mining Corporation Plc |
| Caxton and CTP Publishers and Printers Limited |
| Cognition Holdings Limited |
| Conduit Capital Limited |
| Crookes Brothers Limited |
| CSG Holdings Limited |
| Delta Property Fund Limited |
| E Media Holdings Limited |
| Ellies Holdings Limited |
| Exemplar REITail Limited |
| Fairvest Property Holdings Limited |
| Finbond Group Limited |
| Heriot REIT Limited |
| Hosken Consolidated Investments Limited |
| Hosken Passenger Logistic & Rail Limited |
| Hudaco Industries Limited |
| Hulisani Limited |
| Indluplace Properties Limited |
| Mahube Infrastructure Limited |
| Master Drilling Group Limited |
| Mine Restoration Investments Limited |
| Mustek Limited |
| MW Asset Rentals (RF) Limited (Debt listing) |
| Newpark REIT Limited |
| NVest Financial Holdings Limited |
| PBT Group Limited |
| Phumelela Gaming & Leisure Limited |
| Purple Group Limited |
| Rebosis Property Fund Limited |
| Redink Rentals (RF) Limited (Debt listing) |
| Safari Investments (RSA) Limited |
| Sephaku Holdings Limited |
| Spear REIT Limited |
| Stellar Capital Partners Limited |

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| Client |
|---------------------------------------|
| Stor-Age Property REIT Limited |
| Luxe Holdings Limited |
| Texton Property Fund Limited |
| Total Client Services Limited |
| Transpaco Limited |
| Unicorn Capital Partners Limited |
| Visual International Holdings Limited |
| Wilson Bayly Holmes-Ovcon Limited |
| Zarclear Holdings Limited |



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BDO IN SOUTH AFRICA OFFICE LOCATIONS AND CONTACT INFORMATION

| Office | Address | Office number |
|--------------------------------------|---|--|
| BDO Cape Town | 6th Floor, 119 – 123 Hertzog Boulevard, Foreshore Cape Town | PO Box 2275 Cape Town 8000 South Africa +27 (0) 21 417 8800 |
| BDO Durban (Rydall Vale Office Park) | Rydallviews Building, 5A Rydall Vale Office Park 38 Douglas Saunders Drive La Lucia Ridge | PO Box 47 La Lucia 4153 South Africa +27 (0) 31 539 4800 |
| BDO Gqeberha | 106 Park Dr Port Elizabeth | PO Box 63814 Greenacres 6057 South Africa +27 (0) 41 374 3222 |
| BDO Johannesburg | Wanderers Office Park 52 Corlett Dr Illovo | Private Bag x60500 Houghton 2041 South Africa +27 (0) 11 488 1700 |
| BDO Pretoria | Building 5, Summit Place Office Park 221 Garsfontein Road, Menlyn Pretoria | PO Box 95436 Waterkloof 0145 South Africa +27 (0) 12 433 0160 |
| BDO Roodepoort | Unit B5, Clearview Office Park 77 Wilhelmina Ave, Allens Nek Roodepoort | PO Box 21341 Helderkruijn 1733 South Africa +27 (0) 11 991 5500 |
| BDO Stellenbosch | Block 2, Blaauwklip Office Park Webersvallei Rd, Jamestown Stellenbosch | PO Box 820 Stellenbosch 7599 South Africa +27 (0) 21 880 5400 |

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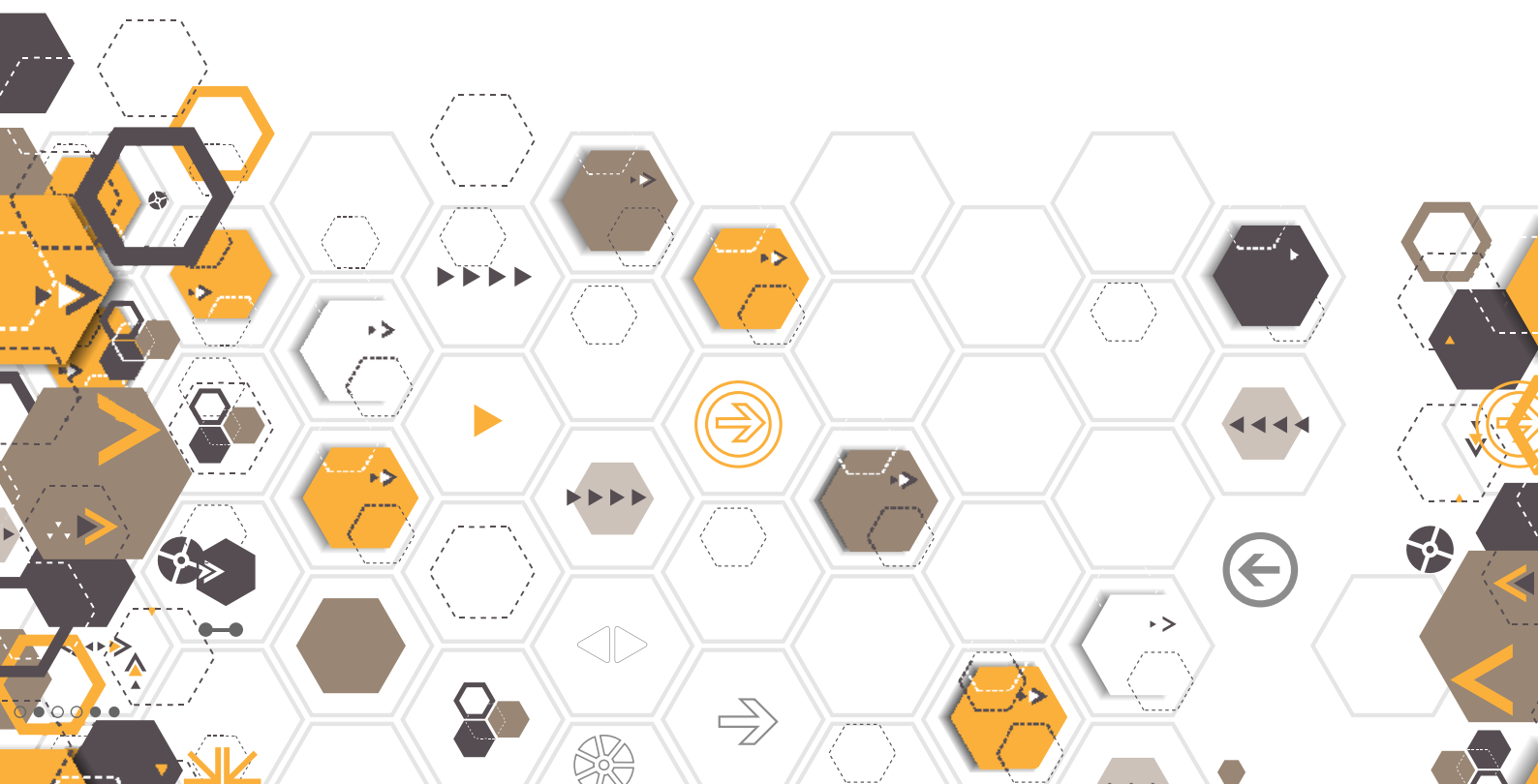
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WE TAKE IT PERSONALLY.
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